

## The complaint

Ms M complains that Inclusive Finance Limited trading as Creditspring was irresponsible in its lending to her. She wants all fees paid refunded and any adverse information recorded on her credit file removed. Ms M also wants compensation for the distress and inconvenience she has been caused.

## What happened

Ms M was provided with three memberships by Creditspring, each of which gave access to two interest free loans. She said that when she took out the credit she was receiving benefits of £1,399 a month and after paying her rent and mortgage she wasn't left with enough to afford the loan repayments and her living costs. She didn't think that Creditspring carried out proper affordability checks and said it hadn't explained how it verified her income and expenses.

Creditspring issued a final response to Ms M offering to waive the remaining membership fees on her current membership (£224) and to refund the membership fees paid on memberships two and three (£280). Creditspring said these refunds would be offset against Ms M's outstanding balance leaving her with £53.32 to pay.

Creditspring explained that it didn't charge interest or late fees and so charges would not exceed the membership payments. It said that each application was assessed using credit file data to check that the credit was sustainably affordable and an income and expenditure assessment was undertaken. Creditspring assessed all of its lending to Ms M and said that its checks showed the lending to be affordable.

Ms M didn't think that Creditspring's offer fully addressed her complaint that the lending was irresponsible and referred her complaint to this service. She asked that all fees be repaid, compensation awarded, and any adverse information be removed from her credit file.

Our investigator set out the details of the three memberships Ms M was provided with by Creditspring.

- Membership one provided Ms M with a loan facility of £500 on 1 October 2022. The terms meant she could make two separate drawdowns of £250 each. She could only draw down the second loan once the first had been repaid and Ms M had a maximum of six months to repay each loan. As explained, no interest was charged but there was a monthly membership fee of £8.
- The second membership was provided on 31 August 2023. This allowed Ms M to drawdown two loans of £500 over the 12-month period with the second only able to be taken after the first had been repaid. The membership fee was £14 per month.
- The third membership was taken on 20 February 2025, and allowed Ms M to drawdown two separate loans of £1,000 over the 12-month minimum term. The membership fee was £28 a month.

Our investigator thought the checks carried out before the first two memberships were provided were reasonable and found that these didn't raise concerns about the affordability of the lending. She noted the information gathered by Creditspring before the third membership was provided showed that Ms M's income had decreased significantly and given the amount of lending was increasing, she thought further verification should have taken place. However, our investigator found that had further checks taken place these would have shown the lending to be affordable for Ms M.

Our investigator noted that Creditspring had offered to waive and refund membership fees and offset these against Ms M's outstanding balance. She thought this was a fair offer.

Ms M didn't accept our investigator's view. She said the calculation of her disposable income was incorrect and explained that the benefits she received of £1,350 included her housing costs. She said from this money she needed to pay £910 for rent and £46 for her service charge (which she had fallen into arrears on) and she also had her mortgage payment of £688 a month. She said that based on these figures her housing costs exceeded her income. Ms M said she wasn't asked for further evidence as part of her application and had her bank statements been requested, Creditspring would have seen she had missed or only paid part of her rental and mortgage payments. Ms M said that incorrect housing costs were used throughout, and she felt that her health and vulnerability at the time were overlooked.

As a resolution wasn't agreed, this complaint was passed to me, an ombudsman to issue a decision.

#### *My provisional conclusions*

I issued a provisional decision on this complaint the details of which are set out below.

*Our general approach to complaints about unaffordable or irresponsible lending – including the key rules, guidance and good industry practice – is set out on our website.*

*The rules don't set out any specific checks which must be completed to assess creditworthiness. But while it is down to the firm to decide what specific checks it wishes to carry out, these should be reasonable and proportionate to the type and amount of credit being provided, the length of the term, the frequency and amount of the repayments, and the total cost of the credit.*

*Ms M was provided with three memberships by Creditspring, each providing access to two loans. I have considered each of these below.*

#### *Membership one: October 2022*

*The first membership charged Ms M a fee of £8 a month, being £96 for the minimum 12 month term of the agreement. Ms M was allowed to drawdown two advances of £250 each (the second to only be drawn down once the first had been repaid).*

*Before the credit was provided, data was gathered about Ms M's monthly income, rent and other costs and a credit check was undertaken. Ms M's monthly income was recorded as £3,897, her rent as £340 and her food, travel and utilities costs were around £349. The credit check showed no county court judgements and while a default had been recorded this was 83 months old and so I accept that it would be treated as historic and wouldn't, on its own, mean further credit shouldn't be provided. Ms M's existing credit commitments were identified as costing around £792 for her unsecured debts and £685 for her secured debts.*

*Considering the size of the borrowing being provided, and the cost of the repayments compared to Ms M's income, I find the checks carried out were proportionate. As these suggested the credit to be affordable for Ms M I do not find I can say that Creditspring was wrong to provide this membership.*

#### *Membership two: August 2023*

*The second membership charged Ms M a fee of £14 a month, being £168 for the minimum 12-month term of the agreement. Ms M was allowed to drawdown two advances of £500 each (the second to only be drawn down once the first had been repaid).*

*Before the credit was provided, data was gathered about Ms M's monthly income, rent and other costs and a credit check was undertaken. Ms M's monthly income was recorded as £4,200, her rent as £1,650 and her food, travel and utilities costs were identified as around £1,050. The credit check showed no county court judgements and there were no new defaults recorded (the default previously noted as present at the application for the first membership was now 94 months old). Ms M's existing credit commitments were identified as costing around £853 for her unsecured debts and £685 for her secured debts.*

*Considering the size of the borrowing being provided, and the cost of the repayments compared to Ms M's income, I find the checks carried out were proportionate. However, just because I think reasonable checks were undertaken, it doesn't necessarily mean that I think the credit should have been given. To assess that I have considered the outcome of Creditspring's checks to see if these raised concerns that meant further information should have been gathered or the credit not provided.*

*Based on the information Creditspring received, Ms M's existing credit commitments were costing her around £1,538 and her living costs including her rent, food, travel and utilities totalled around £2,700 a month. These costs combined totalled around £4,238 which was more than Ms M's income of £4,200. Therefore, I do not think that this credit should have been considered affordable for Ms M.*

*Therefore, I intend to uphold this complaint in regard to this second membership.*

#### *Membership three: February 2025*

*The third membership charged Ms M £28 a month fee, being £336 for the minimum 12-month term of the agreement. Ms M was allowed to drawdown two advances of £1,000 each (the second to only be drawn down once the first had been repaid).*

*Before the credit was provided, data was gathered about Ms M's monthly income, rent and other costs and a credit check was undertaken. Ms M's monthly income was recorded as £1,350, her rent as £600 and her food, travel and utilities costs were identified as around £150. The credit check showed no county court judgements and there were no new defaults recorded. Ms M's existing credit commitments were identified as costing around £243 for her unsecured debts and a zero amount was recorded for her secured debts.*

*I think these initial checks should have raised concerns and further questions should have been asked. Ms M's income had reduced significantly since her previous application and the amount she was asking to borrow had increased. Ms M's credit commitments and living expenses had also decreased significantly with only around £150 being recorded for her costs of food, utilities and transport (compared to £1,050 in August 2023). I think further verification of these amounts should have taken place to ensure that accurate information had been provided and that the credit being issued would be affordable for her.*

*To understand what further checks would likely have identified, I have looked through Ms M's bank statements for the months leading up to the February 2025 membership. These show her monthly income as around £1,350. Ms M's income was from benefits and she has provided the breakdown which sets out that of the £1,350, £956.80 was to cover her rent and service charge leaving £393.45 for her other costs.*

*Ms M has said she was paying a mortgage and I can see the amount that she has noted is in line with the payments for secured borrowing noted in her applications for memberships one and two. This amount wasn't recorded in her third application and is not evidenced in the bank statements provided, however Ms M has provided a letter about the arrears on her mortgage account which accounts for the payments not being seen from her account.*

*Ms M's payments for her unsecured debts shown in her bank statements is similar to the amount of £243 that Creditspring recorded, adding the secured payment previously recorded of £685 to this would give total credit costs of £985. This is higher than the £393 she had available for her non housing costs.*

*Even if the mortgage payments weren't included, adding Ms M's unsecured payments (£243) to her costs for utilities, communications / media contracts and insurances recorded in her statements (around £286) would still exceed the £393 of available funds Ms M had. This is before any costs for food, transport or other living costs are taken into account.*

*Therefore, based on the above, I intend to uphold this complaint in regard to this third membership.*

*I note Ms M believes she should be paid compensation for the upset she has been caused. But as Ms M had the use of the money she borrowed, I consider the redress set out below to be a fair resolution to this complaint.*

*I've also considered whether Creditspring acted unfairly or unreasonably in some other way given what Ms M has complained about, including whether its relationship with Ms M might have been viewed as unfair by a court under Section 140A of the Consumer Credit Act 1974. However, I'm satisfied the redress I have directed below results in fair compensation for Ms M in the circumstances of her complaint. I'm satisfied, based on what I've seen, that no additional award would be appropriate in this case.*

Ms M responded to my provisional decision. She accepted my conclusion in relation to irresponsible lending on memberships two and three. However, she didn't agree that the redress proposed adequately reflected the full impact of the lending and the way her complaint was handled, particularly in light of her vulnerability and health deterioration.

Ms M said that she had disclosed her medical condition and provided evidence of this when she appealed our investigator's view, and she had also informed Creditspring of this when she was no longer able to make her payments. She didn't think that Creditspring adjusted its approach appropriately given her vulnerability and said that she was given confusing and inconsistent information about her liability.

Ms M said she wants fair and reasonable redress for the irresponsible lending and the distress and inconvenience caused by the firm's handling of her complaint as a vulnerable customer. She said she had no surplus income and was concerned that the outcome of this provisional decision could leave her in a worse situation than the resolution offered by Creditspring.

## **What I've decided – and why**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I have considered the comments Ms M has made in response to my provisional decision but, in this case, my conclusions haven't changed.

Ms M said she accepted my conclusion in relation to irresponsible lending on memberships two and three. As no further information has been provided in response to this outcome, my conclusion hasn't changed and I am upholding this complaint in regard to memberships two and three.

Ms M didn't think the redress I recommended was sufficient. Ms M has raised concerns about complaint handling but the way a firm has handled a complaint does not fall within the scope of our jurisdiction. I have however considered the wider point about how the issues raised in this complaint have affected Ms M, especially noting her medical condition and vulnerability.

I am sorry to hear about the difficult time Ms M has experienced and I have considered the information she has provided about her health condition and how this has deteriorated.

As Ms M didn't make Creditspring aware of her vulnerabilities at the time the memberships were provided, and I have nothing to show that Creditspring should have been aware of these, I do not find I can say these should have been taken into account at that time. However, I appreciate Ms M's comment about her informing Creditspring of her health when she could no longer meet her repayments. From the evidence I have seen., Ms M explained her health condition in response to Creditspring's final response letter. Creditspring then responded to this (as well as the other points that Ms M had made) in a timely way. While this response could have been more empathetic, I do not find that Creditspring was wrong to set out its original findings in this response as well as its position regarding additional compensation.

So, while I understand that Ms M feels more should have been done given her vulnerabilities, given when these were raised, I think the redress I set out in my provisional decision provides a fair resolution to this complaint.

I note Ms M's comment about the redress I set out compared to the offer made by Creditspring. In terms of the refund of the membership fees, the redress I set out is the same as that offered by Creditspring in its final response letter (being a full refund / waiving of the fees and charges on memberships two and three). However, additional to the refund, I have also included the requirement to add interest if appropriate and to remove any adverse information from Ms M's credit file once the memberships have been repaid.

In conclusion, for the reasons I set out in my provisional decision and above, I am upholding this complaint in regard to memberships two and three. While I understand that Ms M believes more should be done to reflect the upset she has been caused, as Ms M had the use of the money she borrowed and is no longer required to pay any charges for this, I find this a fair resolution to this complaint.

## **Putting things right**

I understand that Creditspring do not charge interest but find that it shouldn't be able to charge any fees or other charges in regard to these memberships. I note that Creditspring had already offered to provide a refund of membership fees paid in regard to the second and

third memberships and to waive the remaining fees on the current membership. This redress is in line with what is expected for the upheld lending. However, there are further actions that also need to be taken.

To settle this complaint, Inclusive Finance Limited trading as Creditspring should:

- Remove all fees and charges from memberships two and three and treat any repayments as though they were payments of capital such that Ms M is only liable to repay the capital borrowed.
- If that means that Ms M has made overpayments, then these must be refunded with 8% simple interest\* calculated on the overpayments, from the date the overpayments would have arisen, to the date the complaint is settled.
- If there is still an outstanding balance following the account restructure, then Creditspring should try to agree an affordable repayment plan with Ms M.
- Creditspring should remove any adverse information recorded on Ms M's credit file in relation to these memberships, once they have been repaid.

\*HM Revenue & Customs requires Creditspring to deduct tax from this interest. It should give Ms M a certificate showing how much tax it's deducted, if she asks for one.

### **My final decision**

My final decision is that I uphold this complaint in regard to the second and third memberships. Inclusive Finance Limited trading as Creditspring should take the actions set out above in resolution of this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms M to accept or reject my decision before 13 March 2026.

Jane Archer  
**Ombudsman**