

The complaint

Mr S says Fairscore Ltd, trading as Updraft, irresponsibly lent to him.

What happened

Mr S took out two loans from Updraft for debt consolidation. The first, in July 2024, was for £11,700 over 61 months with a monthly repayment of £336.52. The second, in May 2025, was for £7,400 over 61 months with a monthly repayment of £212.51.

Mr S says he was already managing significant unsecured debts but despite this Updraft approved both loans, saying they would help him consolidate and reduce his borrowing costs. He did this, but it did not reduce his financial strain and he was forced to rely on additional credit.

Updraft says it completed adequate checks for both loans that showed Mr S would be able to sustainably repay them.

Our investigator upheld Mr S's complaint in part with regards to loan 2. Updraft accepted this assessment but Mr S asked for an ombudsman's review. He said, in summary, loan 1 should also not have been given – the checks were not proportionate; he could not repay this loan without borrowing; and Updraft ignored data it had via open banking that showed signs of financial distress.

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.

This includes Mr S's response to the investigator's assessment, that I thought about carefully. In keeping with our role as an informal dispute resolution service, and as our rules allow, I will comment here on the points I find to be material to the outcome of Mr S's complaint.

We've set out our general approach to complaints about unaffordable or irresponsible lending on our website, and I've taken this into account in deciding Mr S's case.

As the parties are now in agreement that loan 2 should not have been given, my findings here focus on loan 1.

I have reviewed the checks Updraft carried out. It asked Mr S about his income and verified this using open banking. As this figure was slightly lower than Mr S's declaration it used the lower value. It completed a credit check to understand the cost of Mr S's existing commitments and his credit history. It asked Mr S for his housing and living costs and checked these against ONS (Office for National Statistics) data. As these figures were slightly higher than Mr S's declarations it used the higher values. It asked about the purpose of the loan which was to repay credit card debts. Based on the results of these checks combined Updraft conclude Mr S could afford to take on loan 1.

I think these checks were proportionate given the nature of the lending, the stage in the lending relationship and the purpose of the loan. And I think Updraft made a fair lending decision based on the information it gathered. I'll explain why.

Updraft's affordability assessment showed Mr S would have £422.65 monthly disposable income and so could afford this loan. This figure did not take into account the savings Mr S would make by repaying some of this credit card debt. This could have been estimated to be £585 (using 5% of £11,700 of credit card balances). So after his planned consolidation and taking on this new loan he would have £670.13 monthly disposable income. It was therefore reasonable for Updraft to conclude the loan was affordable on a pounds and pence basis.

Mr S has challenged Updraft's use of ONS figures, saying it ignored actual expenditure data it had via open banking that would have shown he could not afford this loan. But Updraft did not extract all his outgoings as he imagines. Its systems capture and retain only the specific outputs and indicators it uses to make lending decisions. This includes the verified income figure and high level account health indicators that are relevant to assessing creditworthiness (such as whether income is regular and whether there are indicators that may suggest problematic gambling or financial distress, such as returned direct debits). So, I do not agree it ignored relevant data it had that may have changed the outcome of the affordability assessment.

As Mr S has said, Updraft also needed to check the loan would be sustainably affordable. The credit check showed Mr S had £33,389 of unsecured debt that was well managed. There was no recent adverse data. I accept this level of debt was not insignificant for Mr S. But this loan was not incremental debt and would allow Mr S to move half of his open-ended revolving debt to a fixed term loan and to reduce his monthly spend on repaying his creditors. It would most likely cost Mr S less to repay this £11,700 of debt in this way than to leave it on his cards. So, I think it was fair for Updraft to conclude the loan would help Mr S manage his finances rather than cause any adverse financial consequences.

Mr S points out that he had to take an emergency loan just before loan 1 which showed the strain he was under, but Updraft was not aware of this. It was aware Mr S was using his overdraft facility, but says this would not be a reason not to lend in these circumstances. In, the round, given that loan 1 would free up monthly income for him which could help him better manage this facility I find this was reasonable.

Mr S has presented data showing how this loan increased his debt-to-income ratio, but he hasn't taken into account the reduction in his existing debt that it would allow. He also pointed out how the cost of this loan impacted his indebtedness, but there would have been an equivalent cost of borrowing on the revolving debt had he not opted to borrow from Updraft to settle those debts. As this was Mr S's first application for a debt consolidation loan from Updraft, and there was no history of him taking out consolidation loans from Updraft but then failing to settle debts and returning for further loans, I think it was fair for it to rely on Mr S's stated purpose at this stage. It maybe his consolidation did not go as planned and did not improve his financial position, but at the time he applied for loan 1 I cannot see this was foreseeable based on the results of the proportionate checks.

It follows I do not think Updraft was wrong to give loan 1 to Mr S. I know this isn't the outcome Mr S hoped for. But I hope the reasons above help him understand why I have reached this conclusion.

Putting things right for loan 2

It is reasonable that Mr S repays the capital he borrowed as he has had the benefit of that money. But he has paid interest and charges on a loan that should not have been given.

So Updraft should:

- Refund/remove all interest and charges and treat all repayments Mr S made as repayments of the capital.
 - If this results in any overpayment this should be refunded to Mr S along with 8% simple interest (calculated from the date the overpayments were made to the date of settlement)*.
 - If this results in there being an outstanding capital balance Updraft must agree an affordable repayment plan with Mr S.
- Remove any adverse information relating to loan 2 from Mr S's credit file once any outstanding capital balance has been repaid.

*If Updraft deducts tax from the interest element of this award, it should provide Mr S with the appropriate tax certificate so he can submit a claim to HMRC if applicable.

I've also considered whether the relationship might have been unfair under Section 140A of the Consumer Credit Act 1974. However, I'm satisfied the redress I have directed above results in fair compensation for Mr S in the circumstances of his complaint. I'm satisfied, based on what I've seen, that no additional award would be appropriate in this case.

My final decision

I am upholding Mr S's complaint in part with regards to loan 2. Fairscore Ltd, trading as Updraft, must put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 1 April 2026.

Rebecca Connelley
Ombudsman