

The complaint

Mrs O complains that Gain Credit LLC trading as Drafty (“Drafty”) gave her a line of credit without carrying out sufficient affordability checks.

What happened

Mrs O was granted a running credit facility in June 2023 which had an £880 credit limit. Drafty increased the limit on two occasions taking the limit to £1,680 by June 2024. Mrs O repaid the facility in September 2024.

Mrs O was given a running credit facility where she could either request funds up to her agreed credit limit in one go or could take multiple drawdowns up to the limit. She was also able to borrow further, up to the credit limit, as and when she repaid what she owed.

In Drafty’s final response letter issued in June 2025, it explained why it hadn’t made an error when it granted the facility or increased the limits. Mrs O referred the complaint to the Financial Ombudsman, where it was considered by an Investigator.

In the Investigator’s latest assessment, they upheld Mrs O’s complaint because the credit search data indicated that Mrs O was already spending over £1,400 per month on her existing credit commitments. Drafty ought to have carried out more detailed checks to ensure the payment was affordable – had better checks been made than it wouldn’t have granted the facility. Drafty didn’t agree, and I’ve summarised its responses below.

- Based on Drafty’s checks there was no reason to believe Mrs O’s income was inaccurate.
- The checks showed no signs of hardship or vulnerability.
- Credit checks showed Mrs O was managing her existing creditors well.
- There is no requirement under CONC 5.2A.12G to ask for bank statements and these weren’t available for Drafty.
- Mrs O’s credit search results showed no defaults, arrears or delinquent accounts.
- The income and expenditure assessment showed Mrs O could afford the repayments.
- Drafty benchmarked Mrs O’s living costs with data from the Office of National Statistics (ONS).

The Investigator explained, why these points hadn’t changed their mind and as no agreement could be reached, Mrs O’s complaint has been passed to me to decide.

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’ve also taken into account the law, any relevant regulatory rules and good industry practice at the relevant time. Drafty had to take proportionate steps to ensure a consumer would’ve been able to repay what they were borrowing in a sustainable manner without it adversely

impacting on their financial situation. Put simply the lender had to gather enough information so that it could make an informed decision on the lending.

Although the guidance didn't set out compulsory checks it did list a number of things Drafty could take into account before agreeing to lend. The key thing was that it required the checks to be proportionate.

Any checks had to take into account a number of different things, such as how much was being lent and when what was being borrowed was due to be repaid. I've kept all of this in mind when thinking about whether Drafty did what it needed to before agreeing to Mrs O's Drafty facility.

As explained, Mrs O was given an open-ended credit facility. Overall, I think that means the checks Drafty carried out had to provide enough for it to be able to understand whether Mrs O would be able to both service and then repay her facility within a reasonable period of time. Drafty also needed to monitor Mrs O's repayment record for any sign that she may have been experiencing financial difficulties.

What happened when Drafty approved the facility

Mrs O was given a facility where there was an expectation she'd repay what she borrowed plus the interest due within a reasonable period. Mrs O was granted a facility with an £880 credit limit. In the credit agreement, a hypothetical situation is laid out to show the potential cost of the facility to Mrs O. This hypothetical situation assumed that Mrs O did the following:

1. drew down her maximum credit limit on the first day of the facility being provided,
2. she kept to the terms of the agreement, and
3. Mrs O repaid what she owed in 12 monthly instalments.

Had Mrs O done that, she'd have repaid Drafty a total of £1,210.57 meaning twelve monthly repayments of around £101. So, in these circumstances, I think Drafty needed to carry out reasonable and proportionate checks to understand whether Mrs O could make monthly repayments of around £101 per month.

Mrs O declared she received an income of £2,601.87 per month from full time employment. Drafty says this was independently checked with a third party and it didn't make any adjustments to the figure. This was a proportionate check.

In addition, Mrs O had declared that her monthly outgoings came to £1,500 per month. Drafty says it checked Mrs O's information using statistical data. After this check Drafty calculated Mrs O's monthly outgoings came to £1,590. To this, Drafty said Mrs O's existing credit commitment came to £720 each month. This led to total outgoings of £2,310 which left a sufficient disposable income to afford the estimated monthly payment to repay and service the facility.

However, Drafty also carried out a credit search – and it initially provided only the summary spreadsheet that is used to distil the results. This showed no defaults, missed payments or delinquent accounts. So, I can understand why Drafty concluded Mrs O wasn't showing signs of financial difficulties.

However, the results also showed that Mrs O had £34,073 of existing debt and Drafty worked out the likely monthly repayment to this was £720 – which is the figure used for the affordability assessment.

I have concerns about this because my understanding is that the monthly payment it worked out for Mrs O only took account of active loans and didn't include payments to revolving credit facilities – such as credit or store cards. So, I asked Drafty for further information, and it provided a copy of the raw credit file.

This raw credit file data confirmed the above, that Mrs O had just over £34,000 of debt and the payment to loans were costing Mrs O £720 per month. However, Drafty also knew that Mrs O had over £25,000 of revolving credit – this of course would also need to be repaid – and Drafty's calculations didn't consider this.

A conservative approach to working out an estimated monthly payment towards this debt would be take 2% of the balance – this provided a monthly payment of just over £500 per month.

So, I think on balance, Drafty's own calculations and information that it had to hand showed the facility wasn't likely affordable for Mrs O. On the figures that Drafty used for living costs £1,590, credit commitment on loans of £720 and the newly discovered revolving payments of £500 – gives monthly outgoings gives outgoings greater than Mrs O's cross-checked income.

Drafty really ought to have concluded based on the information that is had available to it at the point the facility was granted that Mrs O couldn't afford to take on any further credit in a sustainable manner.

However, even if I'm wrong about the above figures – to be clear I do not think I am, then the Investigator concluded that further checks were needed into Mrs O's finances before the facility was granted and had better checks been made than Drafty wouldn't have approved the facility.

I can understand why the Investigators concluded that considering that given the overall size of Mrs O's debt that she would likely be spending over 50% of her income servicing it. I don't disagree that this was enough for Drafty to have looked more closely at Mrs O's finances.

I've thought about Drafty's response to the Investigator and it's quite right to say that the regulations don't say it has to gather bank statements. But bank statements are one of the methods open to Drafty to use if it needed to gather more information before it agreed to lend. The statements are also a convenient way to have discovered more about Mrs O's finances, so I don't see anything inherently wrong with reviewing them.

Having looked at the bank statements, I agree with the Investigator that further considerations would've shown Drafty that Mrs O couldn't afford to take on this facility. So, it makes no difference to the outcome that I've reached in this case, whether Drafty ought to have known from its own checks that the facility was unaffordable or whether further checks would've shown it the same.

I've not considered where Drafty ought to have approved the credit limit increases or considered how Mrs O used the facility because I've concluded the facility ought to not have been granted in the first place. I've set out below what Drafty needs to do in order to put things right for Mrs O.

Finally, I've also considered whether the relationship might have been unfair under Section 140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think Drafty lent irresponsibly to Mrs O or otherwise treated her unfairly in relation to this matter up to April 2025. I haven't seen anything to suggest that Section 140A would, given the facts of this complaint, lead to a different outcome here.

Putting things right

- A. Drafty should refund all interest, fees and charges applied to the facility from the inception of it in June 2023.
- B. It should then calculate 8% simple interest* on the individual amounts calculated as part of "A" – calculated from the date Mrs O originally made the payments, to the date the complaint is settled.
- C. Drafty should pay Mrs O the total of "A" plus "B".
- D. Drafty should remove any adverse payment information recorded on Mrs O's credit file about the facility.

*HM Revenue & Customs requires Drafty to deduct tax from this interest. It should give Mrs O a certificate showing how much tax has been deducted, if she asks for one.

My final decision

I uphold Mrs O's complaint and Gain Credit LLC trading as Drafty should put things right as directed above to put things right.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs O to accept or reject my decision before 30 April 2026.

Robert Walker
Ombudsman