

The complaint

Ms H complains Fairscore Ltd trading as Updraft irresponsibly lent to her.

What happened

Ms H took out two unsecured loans from Updraft. The first loan was approved on 24 November 2022 and was for £9,000; the monthly repayments were £212.68 and the interest on this was 15.96% APR. This had a 60-month term. This loan was settled early in January 2024.

The second loan was approved on 14 January 2025 and was for £10,000; the monthly repayments were £247.99 and the interest on this was 18.27% APR. This also had a 60-month term. The loan defaulted in October 2025.

Both loans were intended to pay off Ms H's existing debt.

Ms H says the lender failed in their duty to carry out appropriate affordability checks. She says that she was experiencing financial difficulty and was reliant on credit. She says the lending has had a significant and lasting impact on her, financially and personally. She believes the loans did not stabilise her finances and intensified her financial difficulties. Ms H says this caused her stress and anxiety. She's asked that Updraft refunds interest and charges, writing off any remaining balance and removes any adverse information from her credit file.

Updraft issued a final response letter on 21 January 2026 rejecting Ms H's complaint. They said that before giving out the loans they carried out an affordability review to ensure that she could pay these back. They say their checks showed both loans to be affordable based on the information available to them. They don't agree that they lent irresponsibly.

Ms H wasn't satisfied with the response from Updraft and referred the matter to this Service.

Our Investigator didn't uphold the complaint, concluding that Updraft's affordability assessments were reasonable and proportionate and that both loans were affordable and sustainable.

Ms H didn't agree and asked for an ombudsman's review. She argues that the affordability checks did not accurately reflect her financial circumstances. She says her borrowing had increased by the time the second loan was approved and she was regularly using her overdraft, so this was not sustainably affordable.

Because an agreement couldn't be reached, the 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.

Having done so, I'm not upholding the complaint. I know this will disappoint Ms H, so I'll explain why.

I've kept in mind the regulator's rules and guidance on responsible lending (set out in its Consumer Credit Sourcebook – CONC) which lenders, such as Updraft, need to abide by. Updraft will be aware of these, and our approach to unaffordable/irresponsible lending complaints is set out on our website. I've used this approach to help me to decide Ms H's complaint. I won't refer to the regulations in detail here, but will briefly summarise them.

The rules and regulations meant that Updraft needed to carry out a reasonable and proportionate assessment to make sure Ms H could afford to repay what she owed in a sustainable way. Being able to sustainably repay credit means that they needed to consider whether she could repay the loans without undue difficulty, while being able to meet any other commitments and without having to borrow further.

There isn't a 'set list' of checks that lenders must complete, but they must be proportionate to the type of credit, (the amount borrowed or the term, for example) and suited to the consumers circumstances (such as their financial history, current situation and outlook, any indications of vulnerability or financial difficulty), in order to treat them fairly. The checks needed to be borrower focused—so Updraft had to think not just about the likelihood of them getting the funds back, but about the impact making the repayments would have on Ms H.

I've reviewed the information Updraft obtained when assessing each of Ms H's applications and considered whether their checks were sufficient to satisfy them that she would be able to meet the repayments without adverse consequences. I've also considered whether, if those checks were reasonable and proportionate, the lending decision on each occasion was fair.

Loan one

When Ms H applied for the first loan in November 2022, Updraft gathered information about her financial circumstances. They used details she provided in her application, together with information from a credit reference agency (CRA) to help them decide whether the loan was affordable.

Ms H told Updraft she was employed full-time with a salary of £47,800. Updraft verified her income through open banking which showed she had average monthly income of around £2,630.

Updraft completed a credit check to understand Ms H's credit commitments and repayment obligations. This showed she had unsecured debt of around £39,300 and made regular repayments of around £950 per month. There were no signs of financial difficulty such as defaults or missed payments. There wasn't any evidence of county court judgements (CCJs), Individual Voluntary Arrangements (IVAs) or bankruptcy recorded.

Updraft assessed Ms H's outgoings to be about £1,146 per month, including housing, bills and living costs. Before the loan repayment, this left her with disposable income of around £533.

Ms H told Updraft that she intended to use the loan to clear her overdraft and improve her financial position. Given the loan amount, Ms H's income, and the absence of adverse credit information, I think the checks Updraft completed were reasonable and proportionate. I can't see anything that ought reasonably to have concerned Updraft or prompted them to decline the application.

Loan two

For the second loan application in January 2025, Updraft carried out a similar assessment and also considered Ms H's repayment history on her previous loan. She had made all repayments on time and had settled the first loan early, in January 2024, less than halfway through the agreed term.

Ms H reported an increased annual income of £63,250, which Updraft verified as an average monthly income of around £3,606. Her unsecured borrowing had increased to approximately £54,122, with monthly repayments of around £1,433. Her existing debt appeared to be well managed, with no signs of financial difficulty, no missed payments, defaults, CCJs, IVAs or bankruptcy.

Updraft assessed her outgoings at around £1,350 per month, leaving disposable income of approximately £823 before the new loan repayment. Ms H told Updraft the loan would be used to consolidate existing borrowing, and it was reasonable for Updraft to think this would help her manage her overall indebtedness.

Taking all of this into account, I'm satisfied that the checks carried out for the second loan were also reasonable and proportionate.

Ms H has said that Updraft ought to have been aware of additional borrowing she had taken out around the same time. She feels her higher housing costs and overall indebtedness were not accurately reflected. I don't doubt that Ms H later experienced financial difficulty, and I'm sorry to hear about the impact this has had on her. I appreciate how financial pressures can make things feel even harder.

However, I need to consider what Updraft ought reasonably to have been aware of at the time of lending. This information wasn't reflected in her credit file or the way her accounts were being managed, so I wouldn't have expected Updraft to take additional steps.

Based on the evidence, I'm satisfied that the repayments appeared affordable at the time of each application. I think Updraft could reasonably have concluded that the loans would not increase Ms H's debt in an unsustainable or harmful way.

In reaching my conclusions, I've also considered whether the lending relationship between Updraft and Ms H might have been unfair to Ms H under s140A of the Consumer Credit Act 1974 ("CCA"). However, for the reasons I've already explained, I'm satisfied that Updraft did not lend irresponsibly when providing Ms H with these loans. And I haven't seen anything to suggest that s140A CCA would, given the facts of this complaint, lead to a different outcome here.

So, while it'll likely come as a disappointment to Ms H, I won't be upholding her complaint against Updraft for the reasons explained above.

My final decision

I am not upholding Ms H's complaint against Fairscore Ltd trading as Updraft.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms H to accept or reject my decision before 12 May 2026.

Alison Wharton
Ombudsman