

## **The complaint**

Mrs C complains that Inclusive Finance Limited trading as Creditspring (Creditspring) lent to her irresponsibly.

## **What happened**

Mrs C was provided with two loans. The first was made in June 2023 and the second was made in June 2024. The amount of credit available under each was £600. These sums could be accessed by two advances of £300 for each loan, with the second £300 advance being made available after the first advance had been repaid. Creditspring state in the credit agreement that no interest is charged. Rather, a £10 monthly charge is payable in addition to a £50 monthly repayment of the advance. Creditspring separately describe the former as a membership fee. Regardless of that, these arrangements are nonetheless fixed sum loan agreements which are regulated by the Consumer Credit Act 1974.

Mrs C felt that Creditspring had been irresponsible in providing the loans to her. Her complaint was rejected by Creditspring because it considered that its lending decisions had been appropriate.

Mrs C remained unhappy and brought her complaint to this service. One of our investigators reviewed matters and considered that Creditspring's lending decision had been unfair.

Whilst Mrs C agreed with our investigator's view, Creditspring didn't. As an agreement has not been reached, the complaint has been passed to me to make a decision.

## **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 looked at all of the information on file, although I may not have commented on everything.

The rules and regulations in place at the time Mrs C was provided with the loans, required Creditspring to carry out reasonable and proportionate assessments of whether she could afford to repay what she owed in a sustainable manner. These are sometimes referred to as 'affordability assessments' or 'affordability checks'.

The checks had to be 'borrower' focused. This means Creditspring had to think about whether repaying the loans sustainably would cause difficulties or adverse consequences for Mrs C. In other words, it wasn't enough for Creditspring to consider the likelihood of it getting the funds back – it had to consider the impact of any repayments on Mrs C.

Checks also had to be 'proportionate' to the specific circumstances of the lending. In general, what constitutes a proportionate affordability check will be dependent on a number of factors including – but not limited to – the particular circumstances of the consumer (e.g. their financial history, current situation and outlook, any indications of vulnerability or

financial difficulty) and the amount/type/cost of credit they were seeking. I've kept all of this in mind when thinking about whether Creditspring did what it needed to do before arranging the loans for Mrs C.

When Mrs C applied for loan one, she declared that her monthly income was around £1,850. Mrs C was also required to provide some information regarding her outgoings. From the file provided to this service, Creditspring estimated that her monthly income minus expenses was £1,025. Creditspring also carried out a credit check.

On the basis of these checks, Creditspring granted Mrs C the first loan on the lines described above.

When Mrs C applied for the second loan, she declared that her monthly income was around £1,900. Mrs C also declared various outgoings. In its final response letter, Creditspring explained that it used the higher number of a range to determine that she had disposable income of around £800, although the business file provided to us recorded that her monthly income minus expenses was £1,000. Creditspring also carried out a credit check

On the basis of these checks, Creditspring granted Mrs C the second loan, again on the lines described above.

In bringing her complaint to this service, Mrs C considered that Creditspring should not have provided her with either of the loans. In summary, she felt that Creditspring had acted unfairly because she was struggling financially throughout the relevant period.

In considering Mrs C's complaint, I've thought carefully about what reasonable and proportionate checks are in these circumstances.

In relation to the first loan, I think that the contents of the credit check should have alerted Creditspring to the fact that Mrs C was already in some financial difficulty, putting aside whether its checks on affordability were sufficient or not. Mrs C had 10 unsecured loan accounts, five of which were credit cards or similar. The utilisation of these credit cards in the previous three months was between 96% and 100%. There was a default on one of her accounts, although the financial detail on this did not appear on Creditspring's credit check.

Against this backdrop, I think Creditspring ought to have done more to investigate Mrs C's creditworthiness. As part of her complaint, Mrs C provided this service with a credit report and the default referred to above happened in February 2023 and amounted to just over £400. In circumstances where Mrs C was unable to maintain an account with a balance of around £400, I cannot fairly conclude that it would have been responsible to provide her with additional lending, the first advance of which was £300 and then potentially £600 in total. As a result, I've concluded that Creditspring's decision to provide Mrs C the first loan was not a responsible one.

So far as the second loan is concerned, the default referred to above continued to be reported but, I can see from the credit report provide by Mrs C, this was now somewhat historical in as much as it occurred around 15 months before the second loan was taken out. However, Mrs C had, by this stage, 15 loan accounts with similarly high credit card usage of between 88% and 98%. In relation to affordability, Creditspring solely relied upon the information provided by Mrs C to make a determination, subject to the ranging of costs I refer to above. In these circumstances, I don't think that Creditspring had sufficient information about Mrs C's committed monthly expenditure, including the cost of servicing her expanding number of credit accounts, to determine whether additional borrowing would be affordable for her.

That doesn't automatically mean that Creditspring has acted irresponsibly. So, I've gone on to consider what reasonable and proportionate checks would have shown at the time, had they been carried out.

In order to assess this, I've reviewed the bank statements Mrs C has provided for the three month period leading up to loan two being taken out. I've done this to better understand Mrs C's income and her committed non-discretionary expenditure. That's not to say that I think Creditspring needed to review her bank statements – further checks could have been carried out in a variety of ways. Rather, this is an easy way for this service to piece together what further checks would have shown had they been carried out. Having done so, I agree with our investigator's analysis that Mrs C's disposable income after the cost of her committed expenditure, would have left very little allowance for unexpected expenditure. Even a modest amount of unforeseen spending could have created further financial difficulties for Mrs C. I would add, too, that Mrs C was experiencing a significant number of returned direct debit payments, including her existing obligations to Creditspring. In my view, this is further evidence that, at the time loan two was taken out, Mrs C was struggling to keep on top of her financial commitments. I've concluded that granting the second loan was also an irresponsible decision.

### **Putting things right**

In most cases where a loan has been provided where it shouldn't have been, it would be fair and reasonable for the lender to refund any interest and charges paid by the borrower or, in this case, the monthly charge paid by Mrs C. And, the borrower would usually be expected to repay any remaining amount of the money they had been lent. So, I'd expect Mrs C to pay back the money she was lent, but not the interest or charges.

Therefore, it would be fair and reasonable in the circumstances of this complaint for Creditspring to do the following to put things right for Mrs C:

- Add up the total payments Mrs C has made and deduct these from the total amount of the loans received by her.
- If this results in Mrs C having paid more than she received, any overpayments should be refunded along with 8% simple interest\* (calculated from the date the overpayments were made until the date of settlement). Creditspring should also remove all adverse information regarding these loans from Mrs C's credit file.
- If any capital balance remains outstanding, then Creditspring should arrange an affordable and suitable repayment plan with Mrs C. Once Mrs C has cleared the balance, any adverse information in relation to these loans should be removed from her credit file.

If Creditspring has sold the debt to a third party, it should arrange to either buy back the debt from the third party or liaise with it to ensure the redress set out above is carried out promptly.

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

I've also considered whether the relationship might have been unfair under Section 140A of the Consumer Credit Act 1974. However, I'm satisfied that the redress I have directed above results in fair compensation for Mrs C 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.

**My final decision**

My final decision is that I uphold this complaint and I direct Creditspring to put things right as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 20 May 2026.

John Butler  
**Ombudsman**