

The complaint

Miss B complains that Fairscore Ltd trading as Updraft irresponsibly lent to her.

What happened

Miss B was approved for an Updraft fixed term agreement for £8,900, repayable over 61 months. Miss B says that this was irresponsibly lent to her. Miss B made a complaint to Updraft, who did not uphold Miss B's complaint. Updraft said that they believed the lending was fair and reasonable, and she could have made tangible savings as Miss B told them she was using the loan to pay off credit cards. Miss B brought her complaint to our service.

Our investigator did not uphold Miss B's complaint. She said that Updraft's checks were proportionate, and they made a fair lending decision. Miss B asked for an ombudsman to review her complaint. She made a number of points. In summary, she questioned whether Updraft's affordability assessment they completed was meaningful of her actual financial position. She said the nature of her benefit income should have been properly considered as part of a wider affordability assessment.

Miss B said affordability assessments should not rely solely on isolated figures without considering the broader financial picture. She said generic modelling can't accurately reflect an individual's real financial position. She said lenders have the responsibility to carry out proportionate, borrower-focused checks.

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.

Miss B has made a number of points to this service, and I've considered and read everything she's sent us. But, in line with this service's role as a quick and informal body, I'll be focusing on the crux of her complaint in deciding what's fair and reasonable here.

Before agreeing to approve the credit available to Miss B, Updraft needed to make proportionate checks to determine whether the credit was affordable and sustainable for her. There's no prescribed list of checks a lender should make. But the kind of things I expect lenders to consider include - but are not limited to: the type and amount of credit, the borrower's income and credit history, the amount and frequency of repayments, as well as the consumer's personal circumstances. I've listed below what checks Updraft have done and whether I'm persuaded these checks were proportionate.

Updraft completed Credit Reference Agency (CRA) checks, which showed there were no bankruptcies, County Court Judgement (CCJ), or Individual Voluntary Arrangement's (IVA's) showing on her credit file, and she had no accounts in arrears at the time of the checks.

The CRA reported that Miss B had active unsecured debt of £8,874, but she had told Updraft she wanted to consolidate her credit cards, therefore I'm satisfied that the active unsecured debt wouldn't rise by another £8,900 after the credit card balances had been consolidated.

Miss B declared £16,000 of gross annual income. But Updraft didn't just take Miss B's word for this as open banking suggested her income may have been lower. They were able to find out that Miss B also received benefit income. And although Updraft could have used all of the income Miss B received on a monthly basis into an affordability assessment, they only used £1,881 of income a month for Miss B despite seeing evidence of her having much more income than this.

I've noted Miss B's comments about her outgoings. But Updraft asked Miss B what her outgoings were. Miss B told Updraft she was living at home with her parents, and she had no housing costs. She said her credit commitments were £600 a month, and her other expenses were £200 a month. So if Updraft would have taken Miss B's word for her expenditure, then they would have only used £800 of outgoings a month for Miss B.

But Updraft completed extra checks. They used information from a CRA regarding Miss B's monthly credit commitments, and modelling, which is an industry standard way of assessing income. Although the CRA reported Miss B's credit commitments were £258.54, they included the higher £600 a month figure from Miss B. As modelling showed £103.90 for housing costs, they used this higher figure than Miss B declared, and as modelling showed her other monthly expenditure to be £669.25, instead of what Miss B declared, then they used the higher figure.

So I am persuaded that the affordability assessment was meaningful, and they didn't rely on isolated figures. They did not solely rely on modelled figures - Miss B had the opportunity to accurately declare what her outgoings were, and when modelling suggested some of her outgoings were higher, then Updraft used higher figures, which was the responsible thing to do. The affordability assessment showed the repayments would be affordable and sustainable, even though Updraft didn't use all of the income Miss B received each month.

It would not have been proportionate for Updraft to have made further checks based on the disposable income showing, and the lack of recent adverse information. So I'm persuaded that Updraft's checks were proportionate and they made a fair lending decision

I've also considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I can't conclude that Updraft lent irresponsibly to Miss B or otherwise treated her unfairly in relation to this matter. I haven't seen anything to suggest that Section 140A would, given the facts of this complaint, lead to a different outcome here.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 22 May 2026.

Gregory Sloanes
Ombudsman