

The complaint

Mr N complains that Gain Credit LLC trading as Drafty (“Drafty”) irresponsibly provided him with a loan for £3,000 which he couldn’t afford.

Mr N has also subsequently complained about how Drafty has treated him since taking out the loan. However I will only be considering the irresponsible lending aspect of this complaint given the fact Drafty hasn’t had the opportunity to respond to this new issue.

What happened

The details of this complaint are well-known to both parties, so I won’t repeat them again here. The facts aren’t in dispute, so I’ll focus on giving the reasons for my 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.

Having done so, I’ve come to the same overall conclusion as that of our investigator and for broadly the same reasons.

I’m aware that I’ve summarised this complaint above in less detail than it may merit. No discourtesy is intended by this. Instead, I’ve focussed on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

If there’s something I’ve not mentioned, it isn’t because I’ve ignored it. I haven’t. I’m satisfied I don’t need to comment on every individual argument to be able to reach what I think is the right outcome. I will, however, refer to those crucial aspects which impact my decision.

Lastly, I would add that where the information I’ve got is incomplete, unclear or contradictory, I’ve to base my decision on the balance of probabilities.

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 N’s case.

I’ve decided the credit was provided fairly because:

- I think the checks Drafty did before providing the credit were reasonable and proportionate given the loan amount it offered and what it knew about Mr N’s financial situation.
- Drafty didn’t just simply accept what Mr N said. It carried out a credit check which showed that Mr N had no recent adverse information on his credit file. I don’t think that it was unreasonable to rely on Mr N’s declarations after it confirmed his income and expenditure with the credit reference agency it used and using national statistical data, which suggested that the repayments were affordable. I say this as from the

information Drafty gathered and the evidence I've seen, Mr N was left with a sufficient disposable income a month with which to afford the new monthly loan repayment of £232.55. So I think this repayment, in the absence of any concerning evidence, appeared affordable.

- Based on the information Drafty gathered and what it knew about Mr N's circumstances, there was nothing to suggest that Mr N was likely to be unable to sustainably repay the credit he was afforded in a reasonable period of time.
- I accept that Mr N appears to be suggesting that his actual circumstances may not have been fully reflected either in the information he provided, or the information Drafty obtained.
- The credit check that Drafty conducted didn't show that Mr N had a current mortgage but Mr N has subsequently told us he did in fact have one. As our investigator explained, this is because Mr N's mortgage provider may not have reported this fact to the credit reference agency that Drafty used. And that's not Drafty's fault as it is entitled to rely on the results of such credit checks along with the information a consumer provides.
- Although Drafty may not have been aware that Mr N did in fact have a mortgage, I still think it would have provided the loan and assessed it to still be affordable if it had known about this. I say this as from the evidence I've seen, Mr N disclosed that his housing costs were £1,000 a month which it took into consideration when assessing his application. So whilst Drafty may not have known about Mr N having a mortgage, housing costs were factored into their assessment. And with the housing costs and Mr N's other declared costs covering further credit repayments and essential monthly expenditure, Mr N was still left with a considerable disposable income of around £4,000 in which to afford both the new loan repayments and any unexpected payments.
- But it's only fair and reasonable for me to uphold a complaint in circumstances where a lender did something wrong. Given the amount of the monthly repayments, the disposable income that appeared to be left each month and the lack of other obvious indicators of an inability to make the monthly repayments in the information Drafty did obtain, I don't think that reasonable and proportionate checks would have extended into requesting information such as bank statements. I say this as I consider the checks that Drafty did complete and the national statistical data it used to confirm Mr N's monthly income and expenditure was proportionate in the circumstances.
- At best, even if I were to accept that further checks were necessary, which I'm not necessarily persuaded is the case here, any such checks would only have gone as far as finding out more about Mr N's regular living costs. And I don't think that conducting a full financial review – which was really the only way that it might have been able to find out the full extent about Mr N's circumstances - was the only way that Drafty could have done this. And given the fact that Mr N had wanted and applied for this loan, I'm not sure he would have disclosed his full financial situation in the knowledge that if he had, the loan may not have been approved.
- Mr N has also complained about how Drafty handled his complaint. Complaint handling however is not a regulated activity and so wouldn't normally be something we can comment on. However, for the sake of completeness, I mirror what our investigator has already said. Drafty issued its final response letter to Mr N within the

eight week timescale the Financial Conduct Authority stipulates and updated Mr N at various junctures after he requested updates.

- I don't think Drafty acted unfairly in any other way.

This means I don't think Drafty did anything wrong when it provided the loan to Mr N.

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 don't think Drafty lent irresponsibly to Mr N or otherwise treated him unfairly. I haven't seen anything to suggest that s.140A or anything else would, given the facts of this complaint, lead to a different outcome here.

I know this isn't the outcome Mr N hoped for. But for the reasons given above, I'm not asking Drafty to do anything to put things right.

My final decision

My final decision is that I'm not upholding Mr N's complaint about Gain Credit LLC trading as Drafty.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 13 May 2026.

Paul Hamber
Ombudsman