

The complaint

Mr S complains that Gain Credit LLC trading as Drafty (“Drafty”) gave him a line of credit without carrying out the appropriate affordability checks and which wasn’t affordable and was detrimental to his financial and mental well-being.

What happened

Mr S was granted a running credit facility by Drafty on 30 July 2025. This was for £2,610 and the limit never increased.

Mr S was given a running credit account where he could either request funds up to his agreed credit limit in one go or could take multiple drawdowns up to the limit. He was also able to borrow further, up to the credit limit, as and when he repaid what he owed.

Mr S incrementally drew down most of the credit limit once it was approved and continued to make repayments and further drawdowns up to his last repayment in October 2025. Drafty issued Mr S with a default notice on 3 January 2026 and subsequently suspended the account. Although the debt has been passed to a debt collection agency, Drafty still have overall ownership of the account. There is currently an outstanding debt balance.

In November 2025, Mr S complained to Drafty that it had provided him with credit he couldn’t afford.

Following Mr S’s complaint, Drafty wrote to him in a final response letter on 6 January 2026 and explained it wasn’t upholding the complaint. Drafty explained the information it had gathered from Mr S before it approved the facility. It concluded given the estimated monthly repayment; Mr S was likely to be able to afford it. Unhappy with this response, Mr S referred the complaint to us in the same month.

Our investigator thought that the checks Drafty conducted before granting this facility weren’t proportionate but that the decision to lend was a fair one as they felt the facility’s repayments were affordable and so didn’t uphold Mr S’s complaint.

Mr S didn’t agree with the outcome and sent some further information to be considered.

The investigator explained why the further information hadn’t changed their mind and as no agreement could be reached, Mr S’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.

Having looked at everything I've decided to not uphold Mr S's complaint for broadly the same reasons as the investigator and I've explained why below.

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.

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 have 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 Mr S's Drafty facility.

As explained, Mr S 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 Mr S would be able to both service and then repay his facility within a reasonable period of time. Drafty also needed to monitor Mr S's repayment record for any sign that he may have been experiencing financial difficulties.

What happened when Drafty approved the facility

As explained, Mr S wasn't given a payday loan but provided with a facility where there was an expectation that he'd repay what he borrowed plus the interest due within a reasonable period. What constitutes a reasonable period is laid out in the regulations but it's important to note that this will always be dependent on the circumstances of the individual case.

Mr S was granted a facility with a £2,610 credit limit. In the credit agreement, a hypothetical situation is laid out to show the potential cost of the facility to Mr S. This hypothetical situation assumed Mr S did the following:

1. drew down his maximum credit limit on the first day of the facility being provided,
2. he kept to the terms of the agreement, and
3. Mr S repaid what he owed in 12 monthly instalments.

Had Mr S done that, he'd have repaid Drafty a total of £3,590 meaning twelve monthly

repayments of around £300, although Drafty has stated their expected minimum payment was around £84 (but this wouldn't have paid off the hypothetical balance in 12 months).

I've looked at the account statements for the facility and can see that Mr S was contracted to pay a minimum of £147 and not £84 as Drafty stated. However, in these circumstances, I think Drafty needed to carry out reasonable and proportionate checks to understand whether Mr S could make monthly repayments of around £300 which he later did in order to pay off the facility as per the hypothetical scenario in his credit agreement. I think even given this higher monthly amount, given the disposable income that appeared to be left each month, this was still affordable.

Drafty says it agreed to Mr S's application after he'd provided details of his monthly income and expenditure, and it carried out a credit check. Mr S declared an income of £4,016 per month. Drafty says this was independently verified with a third party. Mr S also declared monthly outgoings of £1,200. And this would have given Mr S a disposable income of £2,816.

The information Mr S declared to Drafty, showed he had enough disposable income each month in which to service and repay the facility. For the start of this relationship, I think it was entirely fair and proportionate for Drafty to have relied on the information Mr S declared to it about his living costs.

But Drafty didn't just simply accept what Mr S said. It conducted a credit check and also used national statistical data to increase the overall expenditure costs to £2,736 which I consider is a more realistic figure. And with this adjustment, although Mr S had a smaller disposable income each month of £1,280 in which to pay for the facility, I still consider this to be affordable in these circumstances.

Drafty has also provided us with a summary of the credit check results it undertook.

The results showed that Mr S had 28 active credit accounts, with no mortgage account. The credit check revealed that Mr S had loan and instalment credit debt of £32,710, paying £1,132 a month.

According to the results of the credit checks, there were a number of defaults and delinquency markers on Mr S's credit file.

Our investigator concluded that she thought Drafty hadn't conducted reasonable and proportionate checks prior to granting the facility but had made a fair lending decision based on the evidence she saw from bank statements Mr S provided. And on balance I agree. Although there was adverse information within Mr S's credit file that would or should have prompted Drafty to conduct a deeper delve, upon reviewing all the evidence including the statements Mr S kindly provided, the facility still appeared affordable.

Although I consider that the adverse information within Mr S's credit file should have prompted further checks, it doesn't necessary follow that this should have included checking bank statements. But even if Drafty had done this, I still think it would have agreed to provide the facility given that from the income and expenditure showing on Mr S's bank statements, it appeared affordable.

At best, any such checks would only have gone as far as finding out more about Mr S'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 S's circumstances - was the only way that Drafty could have done this. But I think going as far as this would have been disproportionate given the circumstances. And I'm not convinced

Mr S would have disclosed the full extent of his financial circumstances if Drafty had asked about it. I say this as Mr S told us he took out the loan as he was struggling for money. So had Mr S disclosed the full extent of his financial circumstances, there was a risk the facility may not have been offered to him.

I appreciate that Mr S's financial situation may have been worse than Drafty realised but from the evidence I've seen, although there was adverse information on his credit file, given the income and expenditure from his bank statements, there was nothing to suggest that Mr S was struggling financially, regardless of whether he was or not.

Mr S told us that he doesn't think Drafty should have provided him with credit as he was in a debt management plan (DMP) at the time of the application. Whilst it appears that Drafty was unaware of this fact, being on a DMP wouldn't automatically debar a consumer from being provided with further credit, providing the further credit was affordable. And on balance, considering everything I've seen, I think it was. And so even if Drafty had been aware of the DMP, I'm not convinced it wouldn't have still provided the facility as from the information it gathered, the facility appeared affordable.

Overall, I think Drafty made a fair and reasonable decision to provide the facility.

Monitoring the facility

Although I don't think Drafty was wrong to have initially provided the facility, that wasn't the end of its obligations to Mr S. At the time, Drafty was regulated by the FCA, and it issued guidance on this type of lending and what it says should be expected from lenders when granting this type of credit. Within the Consumer Credit Sourcebook (CONC) section 6.7.2R says:

“(1) A firm must monitor a customer's repayment record and take appropriate action where there are signs of actual or possible repayment difficulties”

CONC 1.3 provides a non-exhaustive list of some indicators, which when present in a consumer's circumstances, could be suggestive of potential financial difficulties. In practice, CONC 6.7.2(1)R meant Drafty needed to be mindful of Mr S's repayment record and how he used the facility and step in if and when he showed signs of possible repayment difficulties.

Mr S made his last drawdown in October 2025 but missed his repayments for November and December 2025. Drafty issued Mr S a Notice Of Sum In Arrears letter (NOSIA) on 25 December 2025, a Default Notice on 3 January 2026 and a Termination Notice on 29 January 2026. Drafty soon after suspended Mr S's account which is what we'd expect a lender to do where there is evidence of financial difficulties and so preventing him from making any further drawdowns and increasing his debt.

I understand that the outstanding debt has subsequently been passed to a third party debt collection agency although the account is still owned by Drafty. So, on balance, I'm satisfied Drafty did monitor Mr S's repayment record and did take appropriate action when he showed signs of financial difficulty when it suspended the account.

Overall, having reviewed the information provided to the Financial Ombudsman Service I've decided to not uphold Mr S's complaint. I appreciate he will be disappointed by this, but I hope he has an understanding of why I've reached this conclusion. Mr S has shared some sensitive personal information with us which I'm grateful for. I'm sorry to hear of Mr S's financial and mental health difficulties and do hope these improve soon. I would also like to remind Drafty of its ongoing responsibility to treat Mr S with forbearance and due consideration moving forward.

Did Drafty act unfairly in any other way

I've also considered whether Drafty acted unfairly or unreasonably in any other way, including whether the relationship between Mr S and Drafty might have been unfair under Section 140A of the Consumer Credit Act 1974. However, for the same reasons I've set out above, I've not seen anything that makes me think this was likely to have been the case.

My final decision

For the reasons given above, I'm not upholding Mr S's complaint against Gain Credit LLC trading as Drafty.

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

Paul Hamber
Ombudsman