

## **The complaint**

Mr M complains that Shop Direct Finance Company Limited trading as Very refused his application for a credit account, having initially approved it. He wants compensation and reports of the credit checks to be removed from his credit file.

## **What happened**

Mr M tells us that on 27 October 2020 he made application to open a credit account with Very. And that he was initially approved for a credit limit of £750. Mr M explains that the account was opened and he ordered some Christmas presents. He says later that day he received a phone call from Very regarding enhanced security checks. And that he was then advised that his application had been declined. Mr M says his credit record has been adversely affected by the checks.

Very told us that during enhanced security checks it had come to light that there was a CIFAS marker on Mr M's credit record. And that he'd been told that this would need to be resolved before Very could look at his application again. It suggested he should make a Subject Access Request (SAR) to CIFAS.

Our investigator didn't recommend that the complaint should be upheld. He said that Very had explained to Mr M why it had declined his application. And had informed him that if he's able to resolve the issue with the CIFAS marker then it would reconsider his application. He said that as the application had been made, Very was entitled to report this to the Credit Reference Agencies (CRA) as it was an accurate statement.

Mr M didn't agree with this outcome. As it's not been possible to resolve this complaint an ombudsman's been asked to make the final 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 understand that Mr M would be disappointed when he discovered that his application for credit had been refused. And particularly so when it had at first seemed to be accepted.

Just as consumers are able to choose which business to use, so lenders have the discretion to accept or decline applications for credit from potential borrowers. And they don't always have to offer a reason if an application is declined.

Here, Very explained to Mr M that his credit record contained a CIFAS marker and that this was why his application had failed. Briefly summarised, CIFAS is an agency that seeks to protect both businesses and consumers against fraud. There's a large number of reasons why a marker might be applied. And I've not been informed why it was in this case. But I understand that Mr M has made a SAR. And once he's received the information, he may be able to take steps to resolve it.

In terms of the effect on Mr M's credit file I don't find that Very has done anything wrong. A business which reports to CRA's must ensure that it reports fair and accurate information. And that includes the details of checks that were made.

I appreciate that Mr M believes that it should've been highlighted before he made the application that credit could be revoked at any time. But I've checked the Very website and I've seen that on the webpage at the start of the application process it states that credit is provided subject to credit and account status.

And the credit agreement which Mr M electronically signed did set out – particularly at clauses 18 and 19 – that Very could suspend or terminate the agreement.

So I'm satisfied that Mr M knew, or ought reasonably to have known, that the account could be terminated at Very's discretion at any time.

Finally, I'm aware there was a degree of uncertainty caused as confirmation emails and letters were sent even after the application had been declined. And I asked our investigator to get Very to explain why these were sent. Very have replied and said that this resulted from an automated process following an account application.

In summary, I empathise with Mr M and his disappointment in having his application refused in these circumstances. But I don't find that Very has done anything wrong. And it's advised Mr M on what steps he can take which might allow a future application to proceed.

Accordingly, I'm not upholding this complaint.

### **My final decision**

For the reasons given above I'm not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 5 July 2021.

Stephen Ross  
**Ombudsman**