

## The complaint

Ms F complains that Studio Retail Limited ('Studio Retail') irresponsibly gave her a running account credit facility that she couldn't afford.

## What happened

In October 2018, Ms F applied for a catalogue shopping accounts through Studio Retail. She was given an initial credit limit of £200. The credit limit was never increased. Ms F appears to have spent up close to the credit limit in her first month and then no payments were made to the account by Ms F. The account fell into arrears in December 2018 and as Studio Retail received no contact from Ms F, they sold the debt in July 2019.

In 2020, Ms F complained to Studio Retail to say that the account shouldn't have been opened for her because it wasn't affordable.

Our adjudicator didn't recommend the complaint be upheld. Ms F didn't agree. So, the 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.

Studio Retail will be familiar with all the rules, regulations and good industry practice we consider when looking at a complaint concerning unaffordable and irresponsible lending. So, I don't consider it necessary to set all of this out in this decision. Information about our approach to these complaints is set out on our website.

Ms F's complaint is that Studio Retail shouldn't have given her credit and so it must have failed to make adequate checks before providing her with that credit.

Prior to providing credit to Ms F, Studio Retail says it carried out a credit check. It said the results of this satisfied it that Ms F could afford a limit of £200. Studio Retail haven't been able to provide more than a high level summary of the results of that check to us, so I can't know exactly what it saw. I note it did estimate Ms F's annual income using information provided by a credit reference agency. The credit checks did appear to indicate Ms F had a high amount of debt compared to her income so I think it would have been proportionate for Studio Retail to have sought to carry out more thorough checks on her financial circumstances before lending. Without this, in the specific circumstances of this case, I don't think Studio Retail could adequately assess whether the lending was affordable or not. I therefore don't think the affordability checks they completed were reasonable or proportionate in this case.

Ms F says that she had other borrowing and a poor credit history. But that may explain why Studio Retail chose to offer an initial credit limit that was small. We've asked Ms F to provide us with evidence of her financial circumstances at the time so that we could see

what more thorough checks would likely have revealed to Studio Retail, but she hasn't provided the information that's been requested. I therefore haven't seen anything that persuades me that Studio Retail would or should have seen that Ms F's financial circumstances were in such a state as to make lending her a revolving credit facility of £200 unreasonable. And in the absence of extra information from Ms F, I have seen insufficient evidence to think that a more thorough affordability check would have led Studio Retail to think that it should not have issued credit to Ms F at that time.

### **My final decision**

For the reasons given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms F to accept or reject my decision before .

Douglas Sayers  
**Ombudsman**