

## **The complaint**

Mrs P complains that Creation Financial Services Limited lent irresponsibly when it approved her credit card application and later increased the credit limit.

## **What happened**

In May 2015 Mrs P applied for a credit card with Creation. Mrs P's application said she was a homeowner and employed. Creation carried out a credit search and found Mrs P had some credit cards and loans. Creation says it took the costs of servicing Mrs P's unsecured credit as well as regular outgoings into account when assessing the application. Creation says the application was approved in line with its lending criteria and Mrs P was sent a credit card with a limit of £5,000.

Mrs P's credit limit was increased in stages between 2017 and 2018 reaching £7,500. Creation has told us each time the credit limit was increased it looked at Mrs M's account history and credit file and applied its lending criteria.

Last year Mrs P complained that Creation had lent irresponsibly. Creation sent Mrs P a final response but didn't agree it had lent irresponsibly. Mrs P referred her complaint to this service and it was passed to an investigator. They thought Creation had dealt with Mrs P's complaint fairly and didn't ask it to do anything else. Mrs P asked to appeal and said her account balance was near the limit each time it was increased and that they were unaffordable. As Mrs P asked to appeal her complaint has been passed to me to make a 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.

Before agreeing to lend, the rules say Creation had to complete reasonable and proportionate checks to ensure Mrs P could afford to repay the debt in a sustainable way. These affordability checks needed to be focused on the borrower's circumstances. The nature of what's considered reasonable and proportionate will vary depending on various factors like:

- The amount of credit;
- The total sum repayable and the size of regular repayments;
- The duration of the agreement;
- The costs of the credit; and
- The consumer's individual circumstances.

That means there's no set list of checks a lender must complete. But lenders are required to consider the above points when deciding what's reasonable and proportionate.

When Mrs P applied she gave an income figure of in excess of £50,000. I can see Creation completed a credit search and found no adverse information that would indicate Mrs P was

struggling. The credit search gave details of Mrs P's outstanding credit and the monthly costs for making payments were used by Creation during the application process. In addition, Creation has provided information that shows in also took other outgoings and Mrs P's disposable income into account.

I've seen Creation's risk data and I'm satisfied Mrs P's application was reasonably approved following proportionate checks. I haven't found Creation lent irresponsibly when it approved the credit card.

The credit limit increases were also subject to assessment by Creation. We've been given further risk information that shows the process followed by Creation each time the credit limit increased. I can see Creation looked at Mrs P's credit file each time and took the monthly costs into account. Creation also looked at how Mrs P had managed her credit card and says she had no missed payments.

In response to the investigator Mrs P said her account balance was generally close to the credit limit. Whilst I can see that is the case, I'm satisfied Creation did factor that in when deciding to increase the credit limit. I'm not persuaded that the balance of Mrs P's credit card meant it was unreasonable for Creation to increase the credit limit.

I'm very sorry to disappoint Mrs P but I'm satisfied Creation did complete proportionate checks when assessing her credit card application and later increasing the credit limit. I haven't found that Creation lent irresponsibly in this case. As I'm satisfied Creation dealt with Mrs P's complaint fairly I'm not telling it to do anything else.

Mrs P has recently told us her account was sold by Creation to another business. We can't consider a complaint unless the business involved has had a chance to resolve the matter first. If Mrs P remains unhappy with the way Creation handles her concerns she has the option of referring the matter to us.

### **My final decision**

My decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P to accept or reject my decision before 19 May 2022.

Marco Manente  
**Ombudsman**