

The complaint

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

What happened

In 2012, Miss G applied for a running credit account with Studio Retail. She was given an initial credit limit of £100. The account fell into abeyance for some years before being used again in 2016. In December 2016 the credit limit was raised to £300 in December 2016 and increased twice more until the credit limit was £700 in May 2017.

In 2020, Miss G complained to Studio Retail to say that the account shouldn't have been opened for her because it wasn't affordable and that Studio Retail ought to have made a better effort to understand her financial circumstances before increasing her credit limits.

Our adjudicator didn't recommend the complaint be upheld. Miss G 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.

I've read and considered the whole file, but I'll confine my comments to what I think is relevant. If I don't comment on any specific point it's not because I've failed to consider it but because I don't think I need to comment on it in order to reach what I think is the right outcome in the wider context. My remit is to take an overview and decide what's fair "in the round".

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.

Our adjudicator's assessment provided a detailed account of all the increases of credit and they are summarised above. Neither party has called the specifics into question, so, I don't intend to cover them off here. This is a complaint I can consider in full. I say that because Studio Retail has provided no evidence that Miss G was aware or ought to have been aware of a cause for complaint more than three years before she did so. This is not a moot point. But as I agree with the adjudicator that the complaint should not be upheld, I am proceeding to a final decision on this case.

Miss G's complaint is that Studio Retail made credit available that was unaffordable. It is not straightforward trying to determine affordability because Miss G has not been able to provide any bank statements from the times in question. Studio Retail has explained that it carried out a credit check using a credit agency to determine the amount of credit it was able to offer at each stage of its lending. It's possible that Studio Retail failed to make

adequate checks before providing Miss G with credit. But even if that's true, I don't think better enquiries would have caused Studio Retail to think the initial credit limits or the credit increases were unaffordable.

I say this because the initial credit limit and credit increases were modest and the monthly payments for that credit were also relatively modest. Subsequently, the account, from inception to the last credit increase, was largely well managed. I say that because from inception to the last credit increase there was only one month that showed an adverse marking. And Miss G was not using anything close to the full credit limits available to her. And what Miss G's credit report shows is that whilst there were two other accounts that showed a small number of adverse markings, they were for small amounts.

So, having considered all the submissions made in this case, and in the absence of any extra evidence from Miss G to the contrary, I have seen insufficient evidence to think that more thorough affordability checks would have led Studio Retail to think that the credit it provided Miss G was unreasonable. Further, I'm not persuaded that the way Miss G was managing her account or what Studio Retail could see of her management of other credit ought to have prompted it to have acted differently than it did.

I know that Miss G will be disappointed with my decision. But I want Miss G to know that I considered all the submissions made in this case. Having done so, I have not found sufficient evidence to uphold this complaint.

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 Miss G to accept or reject my decision before 26 July 2022.

Douglas Sayers
Ombudsman