

## **The complaint**

Mr V complains that Shop Direct Finance Company Limited ('Shop Direct') irresponsibly gave him a running account credit facility that he couldn't afford.

## **What happened**

On 4 August 2010, Mr V applied for a running account credit facility with Shop Direct. He was given an initial credit limit of £400. The credit limit was increased eight times until the credit limit became £2400 on 7 July 2012.

On 22 October 2020, Mr V complained to Shop Direct to say that the account shouldn't have been opened for him because it wasn't affordable and that Shop Direct ought to have made a better effort to understand his financial circumstances before increasing his credit limits.

Our adjudicator originally upheld the complaint in part. Shop Direct disagreed. Our adjudicator considered the further submissions made and decided this was a complaint that shouldn't be upheld. Mr V 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".

Shop Direct 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.

Mr V's complaint is that Shop Direct made credit available that was unaffordable. It is not straightforward trying to determine affordability because Mr V has not been able to provide any bank statements from the times that credit was provided. Shop Direct has explained that it carried out a credit check using a credit agency to determine the amount of credit it was able to offer. It's possible that Shop Direct failed to make adequate checks before providing Mr V with credit. But even if that's true, I don't think better enquiries would have caused Shop Direct to think the initial credit limit or the credit increases were unaffordable.

I say this because the initial credit limit was modest and the maximum monthly payments for that credit would have been relatively modest. And subsequently through the credit

increases the account was largely well managed and Mr V was not using the full credit limit available to him.

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

I know that Mr V will be disappointed with my decision. But I want Mr V 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 Mr V to accept or reject my decision before 28 July 2022.

Douglas Sayers  
**Ombudsman**