

The complaint

Mr H says J D Williams & Company Limited ("J D Williams"), trading as Jacamo, irresponsibly lent to him. He has requested that the interest and late payment charges he paid on his account be refunded.

What happened

This complaint is about a catalogue shopping account provided by J D Williams to Mr H. The account was opened in May 2018 with Mr H being given an initial credit limit of £250. This limit was increased 5 times until it reached £1,250 in November 2018.

The account was closed in September and the amount owing was passed on to a third party.

Mr H says he's unhappy that J D Williams continued to increase his credit limit when he was only making minimum payments each month and was experiencing financial difficulty. He also feels that J D Williams worsened his financial position by continuing to lend to him.

In my provisional decision dated 23 June 2022 I explained why, with the exception of refunding Mr H for one occurrence of late payment charge with interest, I didn't think that J D Williams had acted unfairly in the way it handled Mr H's complaint. I set out an extract below:

"J D Williams says it acted as a responsible lender when opening Mr H's account and increasing his credit limits. Our adjudicator has set out in some detail why, with the exception of the point in April 2019 by which time Mr H had missed or underpaid three payments one after the other, she didn't think that J D Williams lent to Mr H irresponsibly.

In making my decision I've looked at the overall pattern of J D Williams' lending history with Mr H, so as to see if there was a point at which J D Williams should reasonably have seen that further lending was likely unsustainable, or otherwise harmful. If so, that would mean J D Williams should have realised that it shouldn't have further increased Mr H's credit limits.

Having looked at the complaint in detail, I reached a different outcome to that of our adjudicator. Given what J D Williams has told us in response to our adjudicator's findings, I currently think it's likely that J D Williams did enough to show forbearance and help Mr H to avoid worsening his financial situation when he started getting into difficulty in or around April 2019. But I still consider J D Williams ought to refund one late payment charge. I will explain why below.

When Mr H opened his account in May 2018, J D Williams says there were no signs of financial difficulties based on the checks it did. Having reviewed the checks, and taking into account the opening credit limit of £250 he was given, I don't think there is anything to suggest that it would have been unreasonable for J D Williams to have approved the account. J D Williams didn't ask about Mr H's income. Had it done so I think this may have helped it begin to build a picture of his financial circumstances.

I see that Mr H hasn't been able to give us other information about his financial situation at the time of the credit limit increases, such as bank statements. That makes it difficult to see whether proportionate checks carried by J D Williams would have shown Mr H was having difficulty finding the money to make payments to his account.

Looking at the first two credit limit increases J D Williams gave Mr H, I agree with our adjudicator that had J D Williams taken steps to find out more about Mr H's financial situation it's likely it would have found that the minimum payments Mr H was making on his account showed it was affordable.

And for the later increases, in September, October and November 2018, I also agree that J D Williams should have requested details of Mr H's income, daily expenditure and debts owing elsewhere. Overall, however, our adjudicator thought there wasn't enough to show that Mr H was experiencing financial difficulty to the extent that J D Williams shouldn't have increased his credit limit on each of these occasions.

Our adjudicator also thought that by the time Mr H started apparently missing payments in February 2019, when he was using close to three quarters of his available credit, there was a real risk that Mr H was getting into difficulty in managing his payments to the account. In response to that, J D Williams clarified that Mr H had not in fact underpaid in February 2019 due to an adjustment following an item being returned. Although this didn't show on the account statement, the lower minimum payment required would have been visible to Mr H on his online account. Mr H then began missing payments from March 2019. In response to the first missed payment, J D Williams says it attempted to contact him using texts, emails, letters and phone calls. These included an offer to reduce his credit limit and advice about contacting debt support organisations. However, Mr H didn't respond to any of these.

J D Williams also says that once Mr H had missed two payments, he would only have been charged only two sets of administration charges. However, from looking at the account history it seems to me that he was in fact charged three times – for March, April and May 2019. So I currently think that one of these charges needs to be refunded to Mr H.

It follows that, in the specific circumstances of this case, although I don't think J D Williams' actions were necessarily appropriate in all respects, the only award I propose making is that Mr H be refunded one of the late payment charges.

I don't make any other award as I currently don't think there's enough evidence or information to suggest that J D Williams treated Mr H unfairly once he started getting into difficulty with his account. And I don't think Mr H was caused any other loss or material distress or inconvenience as a result of being granted the account and credit limit increases."

Mr H acknowledged receiving my decision and made some further comments. J D Williams also confirmed receiving it and agreed to my suggested redress for the additional late charge, once Mr H accepts my findings.

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.

J D Williams 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 H has referred me to his credit report as evidence of the difficult financial situation he was in when he had the account. He also says that as his situation got worse he was unable to borrow money elsewhere to help him maintain his payments to J D Williams. He also says he never received a letter that J D Williams says it sent him offering to reduce his credit limit, but that in any event it should have gone ahead and actioned it.

I've reviewed Mr H's credit report once again as well as the credit scoring J D Williams relied upon and history of managing repayments to other lenders. From what I've seen, I'm unable to say that J D Williams acted unfairly or that the account wasn't affordable at the opening of the account or when giving him each of the credit limit increases. I've also kept in mind that Mr H didn't give us other information about his financial situation at the time of the credit limit increases, such as bank statements. As I explained in my provisional decision, that makes it difficult to see whether proportionate checks carried by J D Williams would have shown Mr H was having difficulty finding the money to make payments to his account.

Finally, I also consider it likely that J D Williams would have given Mr H the opportunity to reject any credit limit increases – and have it reduced - it offered him as part of its process for letting customers know about the increased limit.

It follows that, whilst I'm sorry to disappoint Mr H, I won't be departing from my provisional findings in this final decision. Save for the additional late fee that J D Williams needs to refund, I don't think J D Williams' actions in opening the account, granting Mr H the credit limit increases or in relation to his getting into difficulty with his account, were unfair.

What J D Williams needs to do to put things right

J D Williams needs to remove from Mr H's account one of the three late charges of £12 that were added in March, April and May 2019, together with any interest that was added to the account as a result.

My final decision

For the reasons I've given above, my final decision is to partially uphold this complaint and require J D Williams & Company Limited to put things right by paying the redress set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 23 August 2022.

Michael Goldberg

Ombudsman