

The complaint

Ms S complains that Next Retail Limited (“Next”) irresponsibly gave her a running account credit facility that she couldn’t afford.

What happened

Ms S has complained about unaffordable lending on a shopping credit account that she took out with Next.

In June 2020, Ms S applied for a credit account with Next. She was given a credit limit of £600 which was not increased.

Ms S complained to Next to say that the lending was unaffordable and that Next ought to have made a better effort to understand her financial circumstances before increasing her credit limits.

On 30 June 2022 I issued a provisional decision in which I explained why I wasn’t intending to uphold this complaint. I set out an extract below:

“I agree with our adjudicator that allowing Ms S an opening credit limit of £600 was not unreasonable. Prior to providing credit and increased credit to Ms S, Next says it carried out a credit check to determine the amount of credit it was able to offer. Next told us that Ms S’s account was monitored to check for issues that might have suggested Ms S was getting into financial difficulty. It’s certainly possible that Next’s checks at the time of the account opening weren’t as thorough or sufficient as they might have been. But even so, from what I’ve seen, I don’t think better enquiries would have caused Next to think this initial credit limit was unaffordable.

I’ve seen that Ms S had her account suspended in August 2021 after she had started to miss her monthly payments. As this may suggest Ms S was getting into financial difficulty, I need to consider whether the action Next took was fair. I’ve also seen that the account was briefly suspended previously in December 2020.

Next came back to us with some more information about payments Ms S had made to her account in May 2021, putting it back into credit. It also set out the steps it took in and around August 2021 when Ms S had started missing payments, writing to her with details of her arrears and also sending her a formal arrears notice. Both communications gave Ms S the opportunity to get in touch if she was struggling to make her payments. As she didn’t do that the account was suspended, but it was not possible for Next to freeze it without first discussing her situation with her. Ms S then made a payment that brought the account up to date by September 2021. She then went on to continue maintaining her account without the need for a further suspension.

Given that I don’t consider it was unreasonable for Next to continue to charge Ms S interest after she missed a payment and her account was suspended, I’m not inclined to think that Next acted unfairly. Although the interest Next charged Ms S after missing her monthly payment would have further added to her credit limit, as the account was still

operating this is something that I would expect to happen. And given that that Ms S brought the account back up to date soon after, I don't think it was necessary for Next to take any further action."

Following receipt of my provisional decision, Ms S has confirmed that she has accepted my provisional findings. Next has also responded and says it has nothing further to add.

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.

Next 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.

Given that the parties have accepted my provisional decision and there's no new evidence or information for me to consider, I see no reason to change my finding that Next did not act unfairly.

I therefore don't think Ms S was caused any loss or material distress or inconvenience as a result of anything Next did after the credit was agreed with the initial credit limit, or later on when Ms S began missing the monthly payments on her account.

My final decision

For the reasons given above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms S to accept or reject my decision before 2 August 2022.

Michael Goldberg

Ombudsman