

## The complaint

Miss S complains that Shop Direct Finance Company Limited ('Shop Direct') irresponsibly gave her two running account credit facilities that she couldn't afford.

## What happened

On 2 December 2017, Miss S applied for a credit account with Shop Direct trading as Littlewoods. She was given an initial credit limit of £750. The credit limit was never increased. No transactions were made on this account and it was closed on 4 June 2018.

On 4 December 2017, Miss S applied for a second credit account with Shop Direct trading as Very. She was given an initial credit limit of £750. The credit limit was increased once to £1250 in May 2018. Subsequently, the credit limit was reduced from March 2019 onwards until it reached £390 in April 2020.

Miss S complained to Shop Direct in March 2021 to say that the accounts shouldn't have been opened for her because they weren't affordable and that Shop Direct ought to have made a better effort to understand her financial circumstances.

Our adjudicator recommended the complaint be upheld in part. Shop Direct didn't agree. So, the complaint was passed to me to decide.

I issued my provisional decision in respect of this complaint on 4 July 2022, a section of which is included below, and forms part of, this decision. In my provisional decision I set out the reasons why I didn't agree with the adjudicator's view and that it was my intention not to uphold Miss S's complaint. I set out an extract below:

*"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.*

*Our adjudicator's assessment provided a detailed account of all the increases and suspensions 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.*

*The Littlewoods account was never used. I don't think this lending was unreasonable. But even had the lending been unreasonable, which is not what I think, then Miss S has suffered no detriment as she didn't use it. So, I will say no more about that account.*

*Miss S's complaint is that Shop Direct made credit available that was unaffordable. 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, and considered the credit file and Miss S's management of the account with regard to credit limit increases and decreases. It's possible that Shop Direct failed to make adequate checks before providing Miss S 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 and the subsequent credit limit increase were unaffordable.*

*I say this because the initial credit limit was modest and the maximum monthly payments would have been relatively modest. And Miss S's told Shop Direct she was employed and had a regular income that was not of a modest order. And Miss S told Shop Direct the household income at that time was far from modest. And Miss S's management of this account was generally very good until some time after the credit increase in Mat 2018 to £1250.*

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

*I have also noted that when the account was no longer managed well by Miss S, that Shop Direct took action to manage the account back onto track; they reduced the credit limit and no new orders were permitted whilst the account was in arrears. The account had further credit limit reductions and Miss S's management of the account returned in time to being generally very good. So, I think that Shop Direct's actions were not unreasonable.*

*I know that Miss S will be disappointed with my decision. But I want Miss S 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."*

I asked the parties to the complaint to let me have any further representations that they wished me to consider by 14 July 2022. NewDay have acknowledged receiving the decision and said they have no further submission to make in this case. Miss S's representatives have not acknowledged receiving the decision and, at the time of writing, they have not made any further submission or made a request for a time extension to do so. I think that Miss S has had sufficient time to make substantive further submissions if she had wished to. So, I am proceeding to my final 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.

Given that there's no new information for me to consider following my provisional decision, I have no reason to depart from those findings. And as I've already set out my full reasons for not upholding Miss S's complaint, I have nothing further to add.

### **My final decision**

For the reasons set out, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 16 August 2022.

Douglas Sayers  
**Ombudsman**