

## **The complaint**

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

## **What happened**

Ms M has complained about unaffordable lending on a shopping credit account she took out with Next in February 2021. She was given a credit limit of £600.

Our adjudicator didn’t uphold Ms M’s complaint as she didn’t think Next acted unfairly in giving her the account. She also didn’t think that Next ought to have done more to help Ms M once she had the account.

As Ms M didn’t agree 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.

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.

Prior to providing credit and increased credit to Ms M, Next says it carried out a credit check, including a credit search and credit scoring, to determine the amount of credit it was able to offer. Next also says it continued to assess Ms M’s account on a monthly basis, using credit reference agency information, to see how she was managing her account.

I agree with our adjudicator that allowing Ms M an opening credit limit of £600 was not unreasonable. I say this because the initial credit of £600 was provided when Next told us there was no recent adverse information on Ms M’s credit file. It’s possible that Next’s checks at the time of the account opening weren’t as thorough or sufficient as they might have been. I can see for example, as our adjudicator suggested, that it might have been useful if Next had taken steps to verify Ms M’s income at the time. I say this given that she’d previously had an account default elsewhere – although this was around 20 months earlier. But even so, from what I’ve seen, I don’t think better enquiries would have caused Next to think the initial credit limit was unaffordable. This includes the bank statement information Ms M sent us, which shows she had monthly income of between £800 and £900 at the time the account was opened.

Ms M has suggested that Next ought to have realised she was getting into further financial difficulty from the way the account was being managed. I’ve reviewed the account activity and I can see that after she missed two consecutive monthly payments in late 2021 Next decided to suspend the account within two months, which I think is fair. I also can’t see that

Ms M got in touch with Next to let them know she was struggling. I'm therefore not persuaded that Next ought to have realised Ms M may have been struggling financially.

It follows that I don't make any award as I don't think Ms M 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.

I would however expect Next to continue to act with appropriate forbearance in seeking to assist Ms M in her efforts to find a fair and manageable way to pay back the balance that is still owing on her account.

### **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 Ms M to accept or reject my decision before 20 September 2022.

Michael Goldberg

**Ombudsman**