

## **The complaint**

Miss A complains that Sainsbury's Bank Plc was irresponsible in its lending to her.

## **What happened**

Miss A was provided with a Sainsbury's Bank credit card in February 2021. The credit limit was set at £3,000. Miss A says that the credit card was provided irresponsibly, and that Sainsbury's Bank didn't ask her about her mental health. She says since having the card she has only been able to make the minimum repayments and that these became unaffordable when interest was applied.

Sainsbury's bank says that before the credit card account was provided it gathered information from Miss A and carried out a credit check which showed no adverse information. It said Miss A's application was auto approved and that she signed the credit card agreement which set out the terms and conditions of the account.

Our investigator didn't uphold this complaint. She didn't think that based on the information available to Sainsbury's Bank at the time the credit card was provided that it should have been aware the lending wouldn't be affordable for Miss A.

Miss A didn't agree with our investigator's view. She provided evidence of her medical conditions which was provided to Sainsbury's Bank. Our investigator confirmed the additional information didn't change her view. Miss A and didn't accept that Sainsbury's Bank had done enough to help her.

## **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.

Sainsbury's Bank 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.

The rules don't set out any specific checks which must be completed to assess creditworthiness. But the checks should be reasonable and proportionate to the type, and amount of credit being provided, the length of the term, the frequency and amount of the repayments, and the total cost of the credit.

In this case, before providing the credit card account. Sainsbury's Bank asked Miss A about her income and mortgage / rent. Miss A's annual income was recorded as £30,000 and her monthly mortgage/ rent payments as £1,200. Sainsbury's Bank also carried out a credit check, but the details of these results haven't been provided. Therefore, I have considered the information contained in the credit report that Miss A has provided as a good indication of what Sainsbury's Bank would likely have seen during their checks.

Miss A's credit report shows she had other credit card and catalogue accounts as well as a loan, bank accounts and utility accounts. While I note some of the accounts were taken out around the time of Miss A's application (and may not have been present on her credit file at the time of application) others had been in operation for a reasonable period of time. There was no adverse information recorded on these accounts, such as missed payments, and there were no defaults or county court judgments recorded on her credit file at the time. Therefore, I do not find that the credit search results would have meant that Sainsbury's Bank should have been concerned that Miss A was in financial difficulty at the time or that a credit card account shouldn't have been provided.

The credit limit applied to the credit card was £3,000. This wasn't increased. I have looked through the information to see whether it was reasonable for Sainsbury's Bank to consider this limit as affordable to Miss A. I note Miss A's comments that she made only minimum repayments on the card until February 2022 when the interest free periods ended, and she then could no longer afford to make the repayments. However, I have to consider whether, based on the information available to Sainsbury's Bank at the time of the application, it should have been concerned that the credit limit was unaffordable for Miss A.

Miss A's income was recorded as £30,000. I note that other household income of £30,000 was also noted and that Miss A was recorded as living with a partner but in this case, I have focused on Miss A's income of £30,000. I think that given the size of the credit limit being considered it would have been reasonable to have verified Miss A's income. I have looked through Miss A's bank statements for the three months leading up to her application and these show her monthly income to be from benefits and total around £1,900. Her mortgage/rent was recorded as being £1,200 (her bank statements show this as £1,250) and the credit check showed loan repayments of £92 a month. Additional to this Miss A would have needed to make payments towards her other credit card and catalogue accounts. I do not have information of the balances on Miss A's credit card and catalogue accounts at the time and have based my estimate on the credit limits available. Estimating sustainable repayments towards these accounts I think gives further credit commitments of around £100 to £150. Basing Miss A's repayments for the Sainsbury's Bank credit card on the £3,000 credit limit would leave Miss A with around £450 of disposable income after her mortgage/rent and credit repayments.

While I note Miss A has explained that she is a single parent and struggling with the costs of living, her application didn't note any dependents and based on the information provided, along with an income verification and credit check, I do not find that I have enough to say that Sainsbury's Bank should have considered the lending unaffordable.

Miss A has explained her current situation and I am very sorry to hear of the difficult time she has had and continues to experience. Sainsbury's Bank has said that she should contact it to go through an income and expenditure assessment. I think this is reasonable and given Miss A's circumstances we would expect Sainsbury's Bank to work with her in a sympathetic and positive way in regard to her outstanding balance.

### **My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 7 December 2022.

Jane Archer  
**Ombudsman**

