

## **The complaint**

Miss W has complained that Studio Retail Limited, trading as Studio, irresponsibly lent to her.

## **What happened**

Miss W opened a shopping account with Studio in 2013. It's not known what her credit limit was at that time, however by September 2015 her limit was £1,395. In October 2016 her limit was increased to £1,795.

Miss W complains that Studio didn't take reasonable steps to assess her ability to make repayments in a sustainable manner and that she couldn't afford the credit. Miss W suggests if Studio had done proportionate checks on her financial situation it would have realised she couldn't pay it back in a sustainable way. Miss W says she has incurred charges as a result of financial difficulty.

Studio says that it doesn't have some of information relating to Miss W's complaint because it was so long ago. However, it says it did all the necessary checks before it lent to Miss W and before it increased Miss W's credit limit and that it acted appropriately and fairly.

Our investigator looked only at Miss W's lending since September 2015, because that was Miss W's concern. The investigator thought that Studio ought to have asked Miss W for more information about her financial circumstances. Our investigator asked Miss W for copies of her bank statements to help them better understand what Studio might have seen if it had done proportionate checks. Miss W wasn't able to supply these, so our investigator concluded that they could not safely say if Studio had done more checks it would have seen information which would have indicated it shouldn't increase Miss W's credit limit.

Miss W did not agree. But she didn't provide the information requested or explain why she disagreed. The complaint has been passed to me for a 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.

We've set out our general approach to complaints about unaffordable and irresponsible lending - including the key relevant rules, guidance and good industry practice - on our website and I've taken that into account when considered Miss W's complaint.

Studio needed to take reasonable steps to ensure that it didn't lend irresponsibly. In practice this means that it should have carried out proportionate checks to make sure Miss W could afford to repay what she was being lent in a sustainable manner. These checks could have taken into account a number of different things, such as how much was being lent, the repayment amounts, how quickly the debt was being paid off and Miss W's income

and expenditure. There may even come a point where the lending history and pattern of lending itself clearly demonstrates that the lending was unsustainable.

Studio hasn't retained any evidence of the checks it completed prior to August 2016. Businesses aren't allowed to keep data indefinitely, so I don't think this is surprising. But at the time of the first available data about Ms W's account management it seems that Ms W's credit limit was £1,395 and she had a balance of £412.

Her credit limit was increased in October 2016, so this is effectively the first lending decision for me to consider. There is no evidence of any financial difficulty in the preceding few months. Our investigator thought that Studio ought to have done further checks to make sure the lending was appropriate. I don't think the increase, combined with the relatively low utilisation of her existing credit and Miss W's good management of the account to that point, would have warranted more than enquiries of Miss W about her income and essential expenditure.

In the absence of any information about what Studio might have seen our investigator asked Miss W to provide copies of her bank statements from the time to help establish what her financial circumstances were like. Miss W didn't provide these, so I can't know whether Studio would have found anything of concern if it had asked Miss W about her income and expenditure.

I note, however, that Miss W's utilisation of her account was generally less than 50% of her available credit. Following the increase, it never exceeded the original credit limit of £1,395. So even if I had considered the increase to have been unfair, Miss W would not have received any compensation. This is because it would be our normal approach if upholding a complaint of this nature to direct a business to pay back interest and charges incurred as a result of the increase. In Miss W's case she didn't incur any interest or charges as a result of the increase.

Following our investigator's initial view, Miss W disagreed with the outcome. But she didn't explain what she thought was wrong about the view and nor did she provide the information requested. So, I don't think there is any reason to depart from our investigator's view.

In summary, I don't have enough information to satisfy me that had Studio completed proportionate checks it would have seen anything which might have made it act differently. And I can't say that Miss W lost out as a result of anything Studio might have done wrong.

### **My final decision**

I do not uphold Miss W's complaint so it follows that Studio Retail Limited, trading as Studio, doesn't have to do anything further.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss W to accept or reject my decision before 27 July 2023.

Sally Allbeury  
**Ombudsman**