

The complaint

Ms B complains that Next Retail Limited (“Next”) irresponsibly gave her a revolving credit catalogue account she couldn’t afford.

What happened

In March 2019 Ms B applied for and was accepted for a credit account with Next. She was given an initial credit limit of £300. The credit limit was later increased; in June 2019 to £600, in October 2019 to £1,500 and then in February 2020 to £2,000. There were also reductions to the available credit made in April and July 2020 after Ms B’s financial situation worsened.

Ms B complains that Next shouldn’t have opened the account for her because it wasn’t affordable and it ought to have made a better effort to understand her financial circumstances before increasing her credit limits.

Our adjudicator didn’t recommend the complaint be upheld. Ms B didn’t agree. So, 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.

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”.

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.

Ms B’s complaint is that Next made credit available that was unaffordable for her. It is not straightforward trying to determine affordability because Ms B has not been able to provide any bank statements from the times in question – that is, when the card was granted and for each occasion when the credit limit was increased. Next has explained that it carried out a credit check using a credit agency to determine the amount of credit it was able to offer. It also said that it continued to review Ms B’s account use and ability to afford the level of credit she’d been given. It’s possible that Next failed to make adequate checks before providing Ms B with credit. But even if that were the case, I don’t think better enquiries would have caused Next to think the initial credit limit or the credit increases were unaffordable.

I say this because the initial credit limit, and subsequent credit increases, were relatively modest. And subsequently, as each credit increase was granted, the account was largely

well managed and Ms B was not using the full credit limit available to her. I note that she missed only one of her scheduled payments. I've also seen from the credit file that Ms B has provided that at the time of the credit opening there were no adverse markings.

So, taking into account everything I've seen, I have seen insufficient evidence to think that a more thorough affordability check would have led Next to think that the credit it provided Ms B was unreasonable. Further, I'm not persuaded that the way Ms B was managing her account or what Next could see of the way she was managing it or other credit she was using elsewhere ought to have prompted it to have acted differently than it did.

It follows that I have not found sufficient evidence to uphold this complaint.

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 B to accept or reject my decision before 24 March 2023.

Michael Goldberg

Ombudsman