

The complaint

Mr L complains that J D Williams & Company Limited (“J D Williams”), trading as Jacomo, irresponsibly granted him a catalogue shopping account he says he couldn’t afford to repay.

What happened

In May 2019 Mr L entered into an agreement with J D Williams to have access to credit by way of a Jacomo catalogue shopping account with an opening credit limit of £200. There followed a series of six credit limit increases, beginning in June 2019 with an increase to £300 and ending in December 2020 with a credit limit increase up to £1,750. The account went into default and so was later passed to a third-party collection agency.

Mr L says J D Williams didn’t complete adequate affordability checks when it opened the account and shouldn’t have granted him the account and further credit when it allowed him further credit limit increases. He says he was already struggling financially at the time.

J D Williams at first made an offer to refund Mr L all the interest and charges he incurred as a result of his credit limit being increased in December 2020. But after reviewing the complaint further it offered to refund all interest and charges added to the account after August 2019, when the credit limit was increased from £400 to £600. Our adjudicator looked into the complaint and thought the offer was fair.

Mr L wasn’t happy with this and so requested that his complaint be passed to an ombudsman 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.

J D Williams 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.

I’ve read and considered the whole file, but I’ll concentrate my comments on what I think is relevant. If I don’t comment on any specific point it’s not because I’ve failed to take it on board and think about it, but because I don’t think I need to comment on it in order to reach what I think is the right outcome.

J D Williams 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’s possible that J D Williams failed to make adequate checks before providing Mr L with credit. I note that Mr L has told us about having a previous county court judgment registered against him, although I haven’t seen any details about that. Even so, I don’t think better enquiries would necessarily have caused J D Williams to think the initial credit limit might have been unaffordable. I say this because

the initial credit limit of £200 was modest and so the maximum monthly payments for that credit would also have been relatively modest.

For the short period between the first two credit limit increases I haven't seen anything to suggest that Mr L was having difficulty with the account. I see he was making payments above the minimum requested by J D Williams and continued to do so up to around November 2020, before missing his first payment. I have also noted the bank statements Mr L has provided which shows that at Mr L was generally managing his day-to-day living costs and other committed expenditure well. So I agree that the first two increases to Mr L's credit limit don't suggest irresponsible lending by J D Williams.

I have also seen that Mr L's monthly income from his job dropped significantly between May and June 2019. And I understand that Mr L unfortunately lost his job in November 2020. I don't think the change in Mr L's income is something that would necessarily have been apparent to J D Williams in the early months of the spending on the account. But the consequences of a reduction in his regular monthly income, followed several months later by losing his job, does suggest that Mr L's financial situation was at risk of becoming increasingly stretched as time went on. The first missed payment in November 2020 also suggests that by then this was having an impact on his ability to manage his credit commitments.

It follows that I agree with our adjudicator that J D Williams's updated decision to refund all interest and charges incurred on the account after August 2019 is fair.

I have also considered the offer of redress that J D Williams has made. My understanding is that it has been made in line with the redress we typically ask J D Williams to pay and reflects the particular circumstances of the account. Mr L is unhappy that J D Williams hasn't removed the default or other adverse information from his account. But our general approach to cases like this is to require adverse information to only be removed from a credit file once the outstanding account balance has been cleared. This is fair and reasonable given that the Mr L has already had the benefit of the money he spent. I haven't seen reason for me to ask J D Williams to depart from that approach in Mr L's complaint.

Mr L has also raised concerns about the refund of £520.26 he has been offered. J D Williams is well aware of our approach to redress in these cases when refunding interest and account charges. I haven't seen details of its refund calculation but think it would be reasonable for J D Williams to provide Mr L with a breakdown of it if he requests it.

It follows that I consider J D Williams's offer to be fair and reasonable in all the circumstances of this complaint. I'm sorry that I'm not able to help Mr L further on this occasion.

My final decision

For the reasons I've given above, I am not upholding this complaint as I don't consider that J D Williams & Company Limited needs to do anything more.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 9 May 2023.

Michael Goldberg
Ombudsman