

## The complaint

Miss B complains that Shop Direct Finance Company Limited ('Shop Direct') irresponsibly gave two credit accounts that she couldn't afford.

## What happened

On 16 November 2013, Miss B applied for a credit account with Shop Direct. Miss B was given a £800 credit limit on a Littlewoods account. The credit limit was never increased. This account was a cash account and was not used with any credit. On 16 November 2019 Miss B reapplied and the account was reopened with a credit limit of £400.

On 9 November 2019, Miss B applied for a credit account with Shop Direct. Miss B was given a £500 credit limit on a Very account. The credit limit was never increased.

In 2022, Miss B complained to Shop Direct to say that the accounts shouldn't have been opened for her because they weren't affordable and that Shop Direct ought to have made a better effort to understand her financial circumstances before providing her with credit. Shop Direct disagreed and so Miss B brought her complaint to this service.

Our investigator did not think the Littlewoods account should be upheld but did think the Very account should be upheld. Shop Direct disagreed. So, the complaint has been passed to an ombudsman for a review.

I issued my provisional decision in respect of this complaint on 3 July 2023, a section of which is included below, and forms part of, this decision. In my provisional decision I set out the reasons why I didn't agree with the adjudicator's view and that it was my intention not to uphold Miss B's complaint. I set out an extract below:

*"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".*

*Shop Direct 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.*

*Miss B's complaint is that Shop Direct made credit available that was unaffordable. Shop Direct has explained that it relied in part on information that Miss B provided at the time of application to assess affordability. They said they carried out credit searches in Miss B's name to assess Miss B's level of debt at the times of each lending decision and to understand how she had been managing that debt. With that information and using their own scoring metric, Shop Direct decided to agree to the two accounts in 2019.*

*The Shop Direct checks showed that Miss B had only a modest amount of other borrowings compared to her declared income. So, the lending looked to be affordable and reasonable at the time.*

*And I have noted that Miss B's credit file was reasonably clean at the time of each loan application. When I say this, I mean that Miss B's management of her existing credit showed no recent history of CCJ's or defaults in the recent time. Shop Direct noted there had been some history of arrears over the preceding two years. But they thought the credit history was largely clean in the year before the lending decisions. I asked Miss B for her full credit file to see if that was so. Whilst Miss B was unable to provide a full credit file, she was able to provide some credit information. Nothing in her submissions undermined what Shop Direct told us they found at the time of the lending decisions.*

*And so, I don't think that the information that Shop Direct had at the time of each of the lending decisions, would have led them to feel they ought to make more searching enquiries of Miss B's financial situation. And in addition, the information that Shop Direct had presented to it and which it acquired, suggested that at the time the lending decisions were made, Miss B was affording her existing credit at that time and for much of the preceding year. So, Shop Direct were not put on notice of any reason not to agree any of the lending requests it agreed to from any of the above.*

*Miss B has explained that she had a gambling habit at the time. But I have seen no evidence that Miss B told Shop Direct about her gambling habit. And, as discussed above, the gambling habit had not led Miss B to blemish her credit file at the time she applied for the loans.*

*I have to look at the information that was available to Shop Direct at the time it made their lending decisions and not to use hindsight. Shop Direct was not made aware of the habit at the time the loans were made. And I have seen insufficient evidence that the other information that Shop Direct acquired or had presented to it at the time of the lending decisions, would have led them to think that they were remiss in not checking Miss B's finances more closely.*

*So, having considered all the submissions made in this case, I have seen insufficient evidence to think that the credit Shop Direct provided to Miss B was unreasonable.*

*I know that Miss B will be disappointed with my decision, in itself and because she has invested time and energy in pursuing her complaint. But I want Miss B to know that I considered all the submissions made in this case. And having considered all the submissions in this case, particularly those concerning the time of the lending decisions, I have not found sufficient evidence to uphold this complaint."*

I asked the parties to the complaint to let me have any further representations that they wished me to consider by 17 July 2023. Shop Direct has acknowledged the provisional decision and has accepted the provisional findings. Miss B has not acknowledged receiving the provisional decision, made any further submission or asked for an extension to do so. I consider that both parties have had sufficient time to make a further submission, had they wished to. So, I am proceeding to my final 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.

Given that there's no new information for me to consider following my provisional decision, I have no reason to depart from those findings. And as I've already set out my full reasons for thinking that this is a complaint that should not be upheld, I have nothing further to add.

### **My final decision**

For the reasons set out, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 15 August 2023.

Douglas Sayers  
**Ombudsman**