

## **The complaint**

Mrs M complains that Creation Financial Services Limited was irresponsible in its lending to her.

## **What happened**

Mrs M says that Creation didn't carry out adequate affordability checks before providing her with a credit card account with a £7,500 credit limit. She says that she was only asked about the household income and that she wasn't earning at the time and the income provided was her husband's. Mrs M says she shouldn't have been provided with a credit card with such a high limit given she wasn't earning and had other credit commitments at the time.

Creation says that checks were carried out before the credit card was provided to Mrs M and that its checks supported the lending being affordable.

Mrs M referred her complaint to this service in August 2022.

Our investigator didn't uphold this complaint. She said that the checks Creation carried out before lending didn't suggest the lending was irresponsible. She did think Creation could have asked more about Mrs M's debts and expenses before lending but said she hadn't received evidence to show that had this happened the credit limit would have been found to have been unaffordable.

Mrs M didn't agree with our investigator's view. She reiterated that the income provided was her husband's, but the credit card was in her sole name. She said she wasn't earning, and Creation was aware of this. Mrs M then provided further evidence from the time the credit card was provided for consideration.

Our investigator considered the additional evidence but said it didn't change her view. Therefore, this case has been passed to me, an ombudsman, to issue 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.

Our approach to considering complaints about unaffordable and irresponsible lending is set out on our website. I've had this approach in mind when considering what's fair and reasonable in the circumstances of this complaint.

In summary, before providing credit, lenders need to complete reasonable and proportionate affordability checks. The lenders need to assess the ability of the consumer being able to make the repayments in an affordable way and it's down to the lender to decide what specific checks it wishes to carry out.

Creation carried out a credit check before providing the credit card. This didn't raise any concerns that Mrs M was struggling financially. Mrs M also provided information through her application form. This stated that she was married and a joint homeowner. Mrs M's

employment was recorded as a homemaker and a household income of over £50,000 was declared.

Mrs M has said that a household income of over £50,000 was correct but that this was her husband's income not hers and that she wasn't earning at the time. I have considered the regulations in place at the time the credit card was provided. The guidance for creditors set out that creditors should undertake proportionate affordability checks and credit worthiness checks and that assessments of affordability should consider the potential for the credit commitment to adversely impact on the borrower's financial situation.

Mrs M was recorded as a homemaker on the application and in such circumstances, it isn't unreasonable to accept that the household income would be used to cover the costs of household expenses including credit commitments. In this case the household income didn't raise concerns about the affordability of the credit card but as this credit was being provided to Mrs M I think it would have been reasonable to have asked her about how the repayments would be made and her access to the household income.

Mrs M has said she had taken out another loan in 2005 in her sole name and that she was jointly responsible for the mortgage and a current account that had an overdraft. She has provided copies of bank statements for the time leading up to the application. The statements provided are from a joint account.

Having looked through the joint account bank statements these show regular commitments (including the loan repayments that Mrs M has highlighted from the loan in her sole name) and other general living expenses coming from the joint account. This suggests that the money in the joint account was available to Mrs M for her commitments and spending. Based on this I do not find that I can say that further checks would have suggested relying on household income was unreasonable in this case.

I have looked at the bank statements for the months leading up to the lending and acknowledge Mrs M's comment that they re-mortgaged in June 2010 resulting in around £35,000 being paid into the joint account which was used in part to repay outstanding debts.

The bank statements show that a regular monthly income was being paid into the joint account of around £3,476 in the months leading up to the credit card being provided along with some monthly benefits. I can see that the account was overdrawn before the money from the re-mortgage was paid in. However, while I think it would have been reasonable to have confirmed the household income and Mrs M's access to this, I do not find that based on the outcome of the credit check and application form data that Creation was required to verify Mrs M's expenses and so I wouldn't have expected it to request copies of bank statements or other similar evidence. And considering the information that was identified through the checks and what I find most likely to have been identified had Mrs M been asked further about the income I do not find I have enough to say that this would have raised concerns about the affordability of the credit card.

Because of this I do not find I can uphold this complaint.

### **My final decision**

My final decision is that I do not have enough evidence to uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 16 October 2023.

Jane Archer  
**Ombudsman**