

Complaint

Mrs G has complained that J D Williams & Company Limited (trading as “Simply Be”) irresponsibly provided her with a catalogue shopping account and increased her credit limit when her credit history wasn’t good.

Background

This complaint is about a catalogue shopping account Simply Be initially provided to Mrs G in May 2015. Mrs G was initially given a credit limit of £200. This limit was then increased on five occasions at the following times:

September 2015 - £300
October 2015 - £500
December 2015 - £700
February 2016 - £1,000.00
June 2016 - £1,500.00

When it investigated Mrs G’s complaint, Simply Be accepted that it should never have offered to increase Mrs G’s credit limit after initially providing her with the account. As a result it refunded all of the interest, fees and charges that Mrs G paid on balances over the initial £200 limit she was given.

This is in line with the award we’d typically make if we were to uphold such a complaint. As a result we’ve not looked into Mrs G’s complaint about her limit increases and we’ve solely considered Simply Be’s decision to provide Mrs G with a catalogue shopping account in the first place.

One of our investigators looked at everything provided and felt that she didn’t have enough to reasonably conclude that proportionate checks would have shown Simply Be that it shouldn’t have provided Mrs G with a catalogue shopping account. So she thought that what Simply Be had already agreed to do for Mrs G was fair and reasonable and didn’t think that the complaint should be upheld.

Mrs G disagreed with our investigator’s conclusions and asked for an ombudsman to review her complaint.

My findings

I’ve considered all the available evidence and arguments to decide what’s fair and reasonable in the circumstances of this complaint.

Having carefully considered everything, I’ve decided not to uphold Mrs G’s complaint. I’ll explain why in a little more detail.

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.

Simply Be 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 Mrs G could afford to repay what she was being lent in a sustainable manner. These checks could take into account a number of different things, such as how much was being lent, the repayment amounts and the consumer's income and expenditure.

With this in mind, in the early stages of a lending relationship, I think less thorough checks might be reasonable and proportionate. But certain factors might point to the fact that Simply Be should fairly and reasonably have done more to establish that any lending was sustainable for the consumer. These factors include:

- the *lower* a consumer's income (reflecting that it could be more difficult to make any loan repayments to a given loan amount from a lower level of income);
- the *higher* the amount due to be repaid (reflecting that it could be more difficult to meet a higher repayment from a particular level of income);
- the *greater* the frequency of borrowing, and the longer the period of time during which a customer has been indebted (reflecting the risk that prolonged indebtedness may signal that the borrowing had become, or was becoming, unsustainable).

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

I've kept all of this in mind when deciding Mrs G's complaint.

Mrs G's account was opened in May 2015 with a credit limit of £200. The catalogue shopping account Simply Be provided Mrs G with was a revolving credit facility. This meant that Simply Be was required to understand whether Mrs G could repay £200 within a reasonable period of time.

I understand that Simply Be carried out a credit check before initially agreeing to provide this account. Simply Be has been unable to provide the output of its credit checks. Mrs G has questioned how Simply Be cannot have this information, as it had enough to conclude that it didn't do enough when her credit limit was later increased.

But Simply Be upheld Mrs G's complaint about the limit increases because it considered her repayment history and in its view this showed that the pattern of lending on her account was unsustainable. It didn't uphold Mrs G's complaint about the limit increases because it had a record of what the credit checks it carried out showed and that they showed Mrs G shouldn't have been lent to. So while I understand Mrs G's frustration, I don't think that Simply Be has been inconsistent in relation to this matter.

Given the credit checks for the account opening were carried out such a long time ago and there is no obvious reason for this information to have been retained, I don't find it too surprising that Simply Be hasn't been able to provide this information in its defence of this complaint and I've not drawn any adverse inferences from this.

However, what is important to note is that a credit limit of £200 required relatively small monthly payments in order to clear the full amount owed within a reasonable period of time. And I've not been provided with any clear evidence to show that Mrs G circumstances were

such that I could reasonably conclude that she didn't, at the time the lending decision was made, have the funds to make the very low monthly payment required for this.

As this is the case, I'm satisfied that it wasn't unreasonable for Simply Be to have agreed to provide Mrs G with this account. And I find that Simply Be didn't treat Mrs G unfairly when it initially opened Mrs G's account with a credit limit of £200 in May 2015.

So overall and having carefully considered everything, I've not been persuaded that proportionate checks would have shown that Simply Be that it shouldn't have provided this account to Mrs G. As this is the case, I'm satisfied that what Simply Be has already done to put things right for Mrs G - refunding all of the interest, fees and charges added to Mrs G's balance as a result of the limit increases - is fair and reasonable in all the circumstances and I'm therefore not upholding Mrs G's complaint.

I appreciate this will be very disappointing for Mrs G – particularly as she feels strongly about this matter as her complaint about the limit increases has been upheld. But I hope she'll understand the reasons for my decision and that she'll at least feel her concerns have been listened to.

My final decision

For the reasons I've explained, I'm not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs G to accept or reject my decision before 20 February 2024.

Jeshen Narayanan
Ombudsman