

## **The complaint**

Mrs J is being represented by a claims manager. She's complaining about Freemans Plc because she says it lent irresponsibly in granting her credit and increasing her credit limits when she couldn't afford it.

## **What happened**

In 2011, Mrs J took two separate catalogue shopping accounts with low initial credit limits. By 2019, the limits on the two accounts had increased to £1,250 and £1,200.

Our investigator didn't conclude the complaint should be upheld. He felt Freemans carried out adequate affordability checks before opening the accounts and offering increased limits and that the information obtained showed the credit was affordable.

Mrs J didn't accept the investigator's assessment. Her representative made no further submissions other than to say she feels Freemans are responsible for her financial situation.

The complaint has now been referred to me for review.

## **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 considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome. In considering this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and what I consider was good industry practice at the time.

Before lending to Mrs J, Freemans was required to carry out appropriate checks to ensure the repayments were affordable and sustainable. To decide whether this requirement was met, the key questions I need to consider in respect of each lending decision are:

- Did Freemans complete reasonable and proportionate checks to establish that Mrs J would be able to repay the credit in a sustainable way?
  - If so, was the decision to lend fair and reasonable?
  - If not, what would reasonable and proportionate checks have discovered, and would the decision to lend have been fair and reasonable in light of that information?

I've reviewed the information obtained by Freemans when deciding to grant further credit to Mrs J, including the account history and information from the credit reference agencies (CRAs). Having done so, I've not seen anything to make me believe Freemans didn't carry out adequate checks when opening the accounts or offering the earlier limit increases. But by 2016, the CRA data shows Mrs J's debt had risen significantly and I think it would have

been appropriate for Freemans to carry out further affordability checks before increasing the limits further.

I can't know exactly what further checks Freemans might have carried out at the time, but I think a consideration of Mrs J's actual income and expenditure would have been reasonable. To establish what information could reasonably have been discovered, and therefore allow me to assess whether the lending was appropriate, our investigator asked Mrs J's representative to obtain copies of her bank statements from the time.

Unfortunately, Mrs J's representative has told us she hasn't responded to this request. Without this information, there isn't sufficient evidence to demonstrate the credit provided by Freemans was unaffordable and I'm therefore not in a position to conclude it shouldn't have been granted.

It's for these reasons that I'm not upholding Mrs J's complaint. I realise this outcome will be disappointing for her, but I'm satisfied it's fair and reasonable in the circumstances and I hope the additional explanation is helpful.

### **My final decision**

For the reasons I've explained, I'm not upholding Mrs J's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs J to accept or reject my decision before 1 April 2024.

James Biles  
**Ombudsman**