

## **Complaint**

Mr L has complained that J D Williams & Company Limited ("J D Williams") irresponsibly provided him with a catalogue shopping account that had a high credit limit and which was unaffordable for him.

## **Background**

This complaint is about a catalogue shopping account J D Williams initially provided to Mr L in September 2007. Mr L's credit altered on seven occasions prior to July 2017. But we've already separately explained why we're not looking into matters prior to July 2017. And this decision is only focussing on what happen at the following times:

July 2017 – limit increase to £3,000.00

August 2018 – limit increase to £3,500.00

Having looked at Mr L's account balances, I can see that he never had a balance which exceeded £3,000.00. Therefore, he in effect, never used the extra credit granted from August 2018 onwards. In these circumstances, Mr L didn't lose out as a result of the credit limit increases from August 2018 and so we've not looked into the complaint about that limit increase either.

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 J D Williams that it shouldn't have provided this account or the credit limit increases utilised to Mr L. So she didn't think that the complaint should be upheld.

Mr L disagreed with our investigator's conclusions and asked for an ombudsman's review of the 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 Mr L'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.

J D Williams 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 Mr L could afford to repay what he 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 J D Williams 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 Mr L's complaint.

As I've explained, Mr L's account was opened in September 2007. But what I'm considering here is the limit increase that it offered to M L in July 2017.

I understand that J D Williams carried out a credit check before offered to provide this limit increase. J D Williams has been unable to provide the output of its credit checks. But given these credit checks were carried out a number of years ago, I don't find this too surprising and I've not drawn any adverse inferences from this.

What's important to note is that Mr L was provided with a revolving credit facility rather than a loan. And this means that J D Williams was required to understand whether a credit limit of £3,000.00 could be repaid within a reasonable period of time, rather than all in one go. A credit limit of £3,000.00 wasn't a small amount. However, as I've explained it didn't need to be repaid all in one go and it didn't require huge monthly payments in order to clear the full amount owed within a reasonable period of time.

Nonetheless, while any credit check is likely to have given JD Williams an indication of the amount Mr L paid to his regular commitments, given the amount Mr L was likely to have to repay each month and this was the eighth limit adjustment, I would have expected J D Williams to have found out about Mr L's regular living expenses before providing this credit limit increase.

As J D Williams has been unable to evidence having obtained this information in this instance, I don't think that the checks it carried out before it provided the July 2017 limit increase were reasonable and proportionate.

Ordinarily, where a firm failed to carry out reasonable and proportionate checks before providing credit or increasing the amount available to a customer, I'd usually go on to recreate reasonable and proportionate checks in order to get an indication of what such checks would more likely than not have shown.

However, despite being given significant opportunity to provide additional information, Mr L has only provided us with a copy of his credit file. And having reviewed this information which shows no significant adverse information such as defaulted accounts or county court judgements recorded against Mr L at the time this limit increase was provided, I can't reasonably say that this shows he couldn't have afforded to make the increased payments required for the credit limit increase.

I appreciate that the information provided may not accurately show Mr L's circumstances at the time. I know that Mr L says he was struggling and I also know that he did go on to take high-cost credit loans afterwards. However, I can only consider J D Williams' actions in offering the credit limit against what I can see it will likely have found out at the time. And what I've been provided with here, while I accept might not be everything, doesn't suggest that the increased limit offered was unaffordable for Mr L.

So overall and having carefully considered everything, I've not been persuaded that proportionate checks would have shown that J D Williams that it shouldn't have provided the July 2017 credit limit increase to Mr L. And as I've already set out why Mr L did not lose out as a result of the August 2018 limit increase either, I'm therefore not upholding Mr L's complaint.

I appreciate this will be very disappointing for Mr L. But I hope he'll understand the reasons for my decision and that he'll at least feel his 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 Mr L to accept or reject my decision before 23 February 2024.

Jeshen Narayanan  
**Ombudsman**