

## **Complaint**

Mr H has complained that J D Williams & Company Limited (trading as “Premier Man”) irresponsibly provided him with a catalogue shopping account which had very high credit limits.

## **Background**

This complaint is about a catalogue shopping account Premier Man initially provided to Mr H in July 2017. Mr H was initially given a credit limit of £200. This limit was then increased on ten occasions at the following times:

August 2017 - £300  
September 2017 - £500  
October 2017 - £800  
November 2017 - £1,200.00  
February 2018 - £1,700.00  
July 2018 - £2,000.00  
October 2018 - £2,250.00  
February 2019 - £2,500.00  
July 2019 - £3,000.00  
July 2020 - £3,000.00 after a decrease to £2,750.00 in March 2020

Having looked at Mr H's transaction balances, I can see that he never had a balance which exceeded £2,250.00. Therefore, he in effect, never used the extra credit granted from February 2019 onwards.

In these circumstances, Mr H didn't lose out as a result of the credit limit increases from June 2019, so I've not looked into the complaint about those limit increases.

One of our investigators looked at everything provided and he didn't think that proportionate checks would have shown Premier Man that it shouldn't have initially provided this account or offered the credit limit increases which Mr H utilised. So he didn't think that the complaint should be upheld.

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

Premier Man 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 H 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 Premier Man 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 H's complaint.

Mr H's Premier Man account was opened in July 2017 with a credit limit of £200. The catalogue shopping account Premier Man provided Mr H with was a revolving credit facility. This meant that Premier Man was required to understand whether Mr H could repay £200 within a reasonable period of time.

I understand that Premier Man carried out a credit check before initially agreeing to provide this account. Premier Man 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 is important to note is that a credit limit of £200 required small monthly payments in order to clear the full amount owed within a reasonable period of time. I accept that Mr H might have had some adverse information recorded on his credit file at the time. But this in itself does not mean that a credit limit of such a small amount was unaffordable. And I've not been provided with any clear evidence to show that Mr H circumstances were such that I could reasonably conclude that he didn't have the funds to make the extremely low monthly payment required for this credit limit.

As this is the case, I'm satisfied that it wasn't unreasonable for Premier Man to have agreed to this account. And I find that Premier Man didn't treat Mr H unfairly when it initially opened Mr H's account with a credit limit of £200 in July 2017.

As I've explained in the background section of this decision, Premier Man increased Mr H's credit limit on ten occasions until it eventually reached £3,000.00 in July 2019 and July 2020. And I've also explained why I'm only looking at the first seven of these increases.

Three of these seven limit increases were modest in that the maximum amount Mr H could owe by the time of limit increase three was £800. I wouldn't have expected Premier Man to have done too much more for these first three increases than it did when determining whether to initially provide the account. And, for much the same reasons, my findings in relation to these limit increases are the same as those for when the account was originally opened.

However, by the time of the fourth limit increase in November 2017, Mr H's credit limit was being increased to £1,200.00. So I would have expected Premier Man to have found out more about Mr H's income and expenditure (particularly about his regular living expenses) before providing this and any further credit limit increases.

As Premier Man has been unable to evidence having done this in this instance, I don't think that the checks it carried out before providing the November 2017 limit increase and any of the subsequent ones were reasonable and proportionate.

Where a firm failed to carry out reasonable and proportionate checks before providing credit or increasing the amount available to a customer, I need to recreate reasonable and proportionate checks in order to get an indication of what such checks would more likely than not have shown. So I've looked at the information Mr H has provided to get an idea of what Premier Man is likely to have learned had it carried out further enquiries into Mr H's living expenses.

I've looked at the current account statements Mr H has provided. In particular, I've focused on the statements provided for the period between September 2017 and October 2018. In doing so, I accept that Mr H's actual circumstances may not been reflected in the information he may have provided and that his account statements show that he was occasionally overdrawn by relatively modest amount. But there are months where he has surplus balances well in excess of what was necessary to repay what he could have owed on the higher limits, within a reasonable period of time.

In any event, the crucial thing here is that bank statements provided show that Mr H was receiving regular funds and when his regular living costs and monthly expenditure are deducted from what he received, Mr H does appear to have enough in funds left over to make the increased repayments needed for the limit increases offered. So I don't think that Premier Man asking Mr H for more information on his living costs would have led it to conclude that the November 2017 to October 2018 credit limit increases were unaffordable.

Therefore, having carefully considered everything, I've not been persuaded that proportionate checks would have shown that Premier Man that it shouldn't have initially provided Mr H with a catalogue shopping account, or any of the limit increases, up until October 2018, to Mr H. And I'm not upholding Mr H's complaint about this limit increase. Furthermore, as Mr H hasn't utilised the credit limit increases from February 2019 onwards and therefore hasn't suffered a loss, I'm satisfied that Premier Man hasn't treated Mr H unfairly or unreasonably.

So overall and having carefully considered everything, I've not been persuaded that proportionate checks would have shown that Premier Man that it shouldn't have provided this account, or any of the subsequent credit increases to Mr H. And I'm therefore not upholding Mr H's complaint.

I appreciate this will be very disappointing for Mr H. 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 H to accept or reject my decision before 5 March 2024.

Jeshen Narayanan  
**Ombudsman**