

## The complaint

Miss H says Frasers Group Financial Services Limited (Ace), lent to her irresponsibly.

## What happened

In May 2018, Miss H applied for and received an account with Ace. She was given a credit limit of £200. Ace increased her limit as follows:

Date	Limit
June 2020	£250
November 2020	£1,600
July 2021	£1,750
October 2021	£1,900

Miss H says her income was low and she struggled to afford the repayments on the account. She says she contacted Ace to get interest frozen for three months, but she struggled again when that came to an end. Miss H complained that it was irresponsible for Ace to lend to her.

Ace looked into her complaint. It said it had carried out its usual creditworthiness and affordability checks on her application. This included the information she'd provided as well as credit reference agency data. To reach its decisions for the limit increases, Ace said it used internal and external data as well as her account performance. It said the limits appeared affordable for Miss H and rejected her complaint.

Miss H was unhappy with Ace's response and referred her complaint to our service. One of our investigators looked into it. She felt it was reasonable for Ace to have opened the account initially with a relatively low limit. She noted that Miss H had missed payments in March and April 2019 and had contacted Ace to explain she was having financial difficulties. As a result our investigator said Ace ought to have conducted more thorough checks prior to increasing her limit subsequently, and if it had, it ought not have increased her limit. She upheld Miss H's complaint about the limit increases and explained what she thought Ace ought to do to put matters right.

Miss H accepted what our investigator said, but Ace didn't. As there was no agreement, the complaint has been passed to me for 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.

Having done so I've reached a different conclusion to that of our investigator. I issued a provisional decision saying:

*"I agree with our investigator that it was not unreasonable for Ace to open Miss H's account. Miss H has accepted what our investigator said, so I'll not comment further on that."*

*Around 10 months after the account was opened, Miss H began to miss payments on the account. She contacted Ace in May 2019 to explain she was having difficulty meeting the repayments, so it agreed a short-term payment plan for her. This plan continued until December 2019. In February 2020, Miss H cleared the account in full. In June 2020 – six months after the plan was completed and four months after the balance was cleared – Ace agreed a small increase in limit to £250.*

*I can see why our investigator was concerned about this increase given the problems Miss H had encountered in 2019. But as I've said, Ace worked with Miss H during 2019 and she was able to meet the commitments she made to it. And a few months after that, with her account running normally, Ace offered the small increase. Given the time elapsed since Miss H's problems and the size of the increase, I don't think that was unreasonable. I wouldn't have expected Ace to make any further checks than it did at that time.*

*After that increase, Miss H's account continued to run well. It remained comfortably within the new limit, and she kept payments up to date. Her payments exceeded the minimum required. In October 2020, Ace checked Miss H's credit file through a credit reference agency and offered her an increase in her limit to £1,600. On 30 October 2020, Miss H accepted it, so it was applied to her November statement.*

*But this was a large increase in credit limit, so I do think Ace ought to have carried out further checks to ensure the limit was affordable for Miss H. There's no set list of checks it ought to have carried out, but it might have asked Miss H for bank statements so it could gain a better understanding of her financial circumstances.*

*Miss H has provided copies of her statements for the period leading up to this increase being offered. I've looked most closely at the statement for the full month prior to the limit increase being offered – the one produced at the beginning of October 2020. I consider this is the statement most likely to have been provided had Ace asked for information. I can see Miss H received a weekly income averaging £264 and the account remained in credit. I don't think there's anything which would have been likely to cause Ace any concerns given what it already knew about her. So considering that, I don't think it was unreasonable for Ace to increase Miss H's limit as it did.*

*The following increases of £150 each, were relatively small and Ace says it had checked credit reference agency data as well as looking at Miss H's account performance with it before offering the increases. There had been no pressure on her credit limit, and she'd kept on top of her regular payments. I think the checks Ace carried out for the final two limit increases were reasonable and proportionate.*

*I'm aware that Miss H has now repaid the account in full. I'll leave it to her to decide if she wishes to instruct Ace to reduce the limit, and / or close the account."*

Neither Ace nor Miss H have responded to my provisional decision, so I see no reason to depart from it.

## **My final decision**

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 6 March 2024.

Richard Hale  
**Ombudsman**

