

The complaint

Miss H complains that JaJa Finance Ltd, trading as Asda Money Credit Card, irresponsibly lent to her.

What happened

Miss H took out a credit card from Asda Money in August 2022. She was given a credit limit of £500. This was increased to £800 in June 2023.

Miss H says this is one of five credit cards that she struggles to repay. She thinks Asda Money did not complete the expected thorough checks when offering her credit and when increasing her credit limit.

Our investigator considered the information provided by Miss H and Asda Money, and she didn't find the lending was irresponsible. She said the checks were proportionate, and based on the results Asda Money's lending decisions were fair.

Unhappy with this assessment Miss H asked for an ombudsman's review. She said whilst she knows this specific complaint can only be assessed on an individual basis, one of her other complaints has been upheld and she still believes the lender acted unfairly here. She also submitted a copy of her full credit file.

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.

Asda Money will be familiar with all the rules, regulations and good industry practice we consider when looking at a complaint about unaffordable and irresponsible lending. So, I don't consider it necessary to set all of this out in this decision. Information about our approach to these complaints is set out on our website.

To decide if Asda Money lent responsibly I need to consider if its checks were proportionate; if not what would better checks most likely have shown; did it make fair lending decisions; and finally did it treat Miss H unfairly in some other way.

Miss H applied for an Asda Money credit card in August 2022. On her application form she declared a net monthly salary of £1,800. Asda Money verified this externally. It estimated her housing and living costs to be around £700. It also carried out a credit check that showed Miss H had £2,293 of unsecured debt across nine active accounts. She had two historic defaults, the most recent being 28 months old and the value was low (£200). But as there was no adverse data on her file – such as defaults or sustained arrears – from the last 12 months, I don't think this was a reason not to lend. It seemed Miss H's finances were now stable and her indebtedness was low.

Overall, I think these checks were proportionate for a credit line of £500, and there was nothing in the results that I think ought to have led Asda Money to make a different lending

decision. Miss H sent in her full credit file but as I find Asda Money's checks were proportionate, I need not scrutinise that in the way I would had I found the lender's checks fell short.

It follows I don't think Asda Money was wrong to give the card with its opening credit limit of £500 to Miss H.

Similarly, when it increased her limit to £800 I think Asda Money carried out proportionate checks and made a fair decision. It carried out a credit check to look at her external debt and how she was managing that. It had fallen to £1,090 and all her active accounts were up-to-date. It also looked at how she was managing her Asda Money account – there were no late payments and she typically paid more than the minimum payment.

As it was less than 12 months since the account was opened, Asda Money relied on Miss H's income declaration and estimated outgoings from August 2022. I don't find that to be unreasonable here given the results of the checks it did complete and the fact the limit increase was of low value and would only increase Miss H's monthly repayment by a small amount. There was nothing in the results to indicate Miss H's finances might have deteriorated that ought to have triggered additional checks.

It follows I don't think Asda Money was wrong to increase Miss H's limit to £800.

I've also considered whether the relationship might have been unfair under Section 140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think Asda Money lent irresponsibly to Miss H or otherwise treated her unfairly in relation to this matter. I haven't seen anything to suggest that Section 140A would, given the facts of this complaint, lead to a different outcome here.

My final decision

I am not upholding Miss H's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 13 September 2024.

Rebecca Connelley
Ombudsman