

## **Complaint**

Miss F has complained about a credit card Chetwood Financial Limited (trading as “Wave”) provided to her.

She says the credit card was irresponsibly provided to her she already had substantial debt which she was struggling to make payments to.

## **Background**

Wave provided Miss F with a credit card with an initial limit of £750 in May 2022. Miss F wasn't provided with any credit limit increases.

One of our investigators reviewed what Miss F and Wave had told us. And she thought Wave hadn't done anything wrong or treated Miss F unfairly in relation to providing the credit card. So she didn't recommend that Miss F's complaint be upheld.

Miss F disagreed with our investigator's assessment and asked for an ombudsman to look at her 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.

We've explained how we handle complaints about unaffordable and irresponsible lending on our website. And I've used this approach to help me decide Miss F's complaint.

Having carefully considered everything, I've not been persuaded to uphold Miss F's complaint. I'll explain why in a little more detail.

Wave needed to make sure it didn't lend irresponsibly. In practice, what this means is Wave needed to carry out proportionate checks to be able to understand whether Miss F could afford to repay any credit it provided.

Our website sets out what we typically think about when deciding whether a lender's checks were proportionate. Generally, we think it's reasonable for a lender's checks to be less thorough – in terms of how much information it gathers and what it does to verify it – in the early stages of a lending relationship.

But we might think it needed to do more if, for example, a borrower's income was low or the amount lent was high. And the longer the lending relationship goes on, the greater the risk of it becoming unsustainable and the borrower experiencing financial difficulty. So we'd expect a lender to be able to show that it didn't continue to lend to a customer irresponsibly.

Wave says it agreed to Miss F's application after it obtained information on her income and carried out a credit search. And the information obtained indicated that Miss F would be able to make the relatively low monthly repayments due for this credit card. On the other hand

Miss F says that she was already struggling and shouldn't have been provided with this credit card.

I've considered what the parties have said.

What's important to note is that Miss F was provided with a revolving credit facility rather than a loan. And this means that Wave was required to understand whether a credit limit of £750 could be repaid within a reasonable period of time, rather than in one go. A credit limit of £750 required relatively low monthly payments in order to clear the full amount owed within a reasonable period of time.

Furthermore, I've seen records of the information Wave obtained from Miss F about her income and that was on the credit search carried out. And this information doesn't indicate to me that Wave ought to have realised that Miss F didn't have the funds to make the relatively low monthly payment that would be required for this credit card.

I appreciate that Miss F says that her circumstances were worse than this and she was struggling. I note that she says that she says that Wave should have verified her income. But Wave could only make a decision based on the information it had at the time and it did cross check Miss F's declaration against the amount of funds going into her main account each month.

The information which came back left it reasonably confident that Miss F's declaration was accurate. While I accept that this isn't the same as asking for copies of payslips, bearing in mind Miss F could only spend a maximum of £750 here, I think what Wave did was sufficient here.

Furthermore as there was nothing else in the information gathered indicating that Miss F would not be able to make the payments necessary to repay what she could owe within a reasonable period of time at the lending decision was made, there is a reasonable argument for saying that Wave didn't need to do anything more.

Although I'm not wholly persuaded of this, at the absolute best, there may be an argument for saying that Wave perhaps ought to have done more to ascertain Miss F's actual living costs, rather than relied on estimates of this.

That said, having considered the information Miss F has provided us with on this matter, when what she was paying to her actual committed living expenses are added to her active credit commitments and deducted from her income, she, at the time at least, appears to have enough left over to make the repayments to what she could owe on this credit card.

So I'm not persuaded that Wave going further would even have made a difference.

In reaching this conclusion, I've considered Miss F arguments regarding having other complaints upheld and that she has queried how it is possible for this complaint not to be upheld in these circumstances.

I can understand why Miss F might find it strange that she's received different outcomes on complaints which she perceives to be materially the same. But we consider complaints on an individual basis and looking at the individual circumstances. And what will constitute a proportionate check will very much depend on the particular circumstances of the individual application – a proportionate check – even for the same customer - could look different for different applications.

Furthermore, I think it's also worth me explaining that I'm not bound by the outcomes reached by investigators or even other ombudsmen. Ultimately, I'm required to consider the facts of a case and reach my own conclusion. That said and with a view to providing some clarity and reassurance to Miss F, it might help for me to explain that there are some key differences between this complaint and Miss F's other upheld ones.

Firstly, the lenders concerned made multiple lending decisions, not just a single decision in the way that Wave did here. And on most of the occasions the amount being lent (or the total amount that would be owed to the lender) was significantly more than the amount Miss F could owe Wave in this case.

This will have affected the level of information that the lender will have needed to have been obtained to begin with and in those cases it looks like the vast majority of the finance in question was provided a few years earlier. So while I'm not required to replicate the outcomes reached by other investigators and ombudsmen, nonetheless I don't consider that my answer here is incompatible or inconsistent with the ones Miss F received on her other cases, notwithstanding the differing outcomes.

In any event and most importantly of all, it's probably worth me stating as some of Miss F's other complaints have been upheld, the compensation she's received has effectively placed her in the position she would be had she not been provided with the credit in those cases in the first place.

As this correction has been made and that is effectively the position that Miss F is now in, it would not be fair and reasonable for me to now 'double count' this, by considering her payments in relation to this account together with her position in relation to the accounts she's already been placed in the position of not having.

To do so would seek to place Miss F in the position she would be in if she shouldn't have been provided with any of her credit at all, because Miss F was in a position where she couldn't afford any repayments at all to any of her lenders. I don't think that this is the position that reasonable and proportionate checks, bearing in mind the circumstances of this case, will have shown that Miss F was in. Therefore I don't think that the outcomes in some of Miss F's other cases mean that it follows that this complaint should also be upheld.

Overall and having considered everything, while I can understand Miss F's sentiments, I don't think that Wave treated Miss F unfairly or unreasonably when providing Miss F with her credit card. And I'm not upholding Miss F's complaint. I appreciate this will be very disappointing for Miss F. But I hope she'll understand the reasons for my decision and that she'll at least feel her concerns have been listened to.

Although I'm not upholding this complaint, I'd like to remind Wave of its obligation to exercise forbearance and due consideration should in relation to collecting the outstanding balance on Miss F's credit card, bearing in mind what she has said should it be the case that she is now experiencing financial difficulty.

### **My final decision**

For the reasons I've explained, I'm not upholding Miss F's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss F to accept or reject my decision before 28 June 2024.

Jeshen Narayanan

**Ombudsman**