

## **The complaint**

Mr H complains that J D Williams & Company Limited was irresponsible in its lending to him. He wants all interest and charges refunded, along with statutory interest, and any adverse information removed from his credit file.

Mr H is represented by a third party but for ease of reference I have referred to Mr H throughout this decision.

## **What happened**

Mr H was provided with a J D Williams account in November 2017 with a credit limit of £100. The credit limit was increased on seven occasions with the final credit limit set in May 2023 at £2,000.

Mr H says that when he opened an account with J D Williams, he had other outstanding credit commitments and had recently taken out a loan. He said that since being provided with the J D Williams account, he had missed several payments towards his credit commitments and taken on further debt, showing his dependency on borrowing. He said that J D Williams didn't carry out adequate checks to ensure the credit being provided was affordable.

J D Williams issued a final response dated 2 June 2024. It said that it assessed all credit applications and credit limit increases using several sources of information including the credit reference agencies. It said that when Mr H applied for an account his credit check didn't raise concerns. It said that when the credit limit increases were applied there were no signs that Mr H was struggling to managing his financial commitments and Mr H's overall indebtedness was low. It said there was no evidence that the provision of the account or the credit limit increases were irresponsible.

Mr H wasn't satisfied with J D Williams' response and referred his complaint to this service.

Our investigator thought that the checks carried out before the account was opened were reasonable and didn't raise concerns that meant the credit shouldn't have been provided. Regarding the credit limit increases she said that Mr H was managing his existing credit commitments before the limit increases were applied and there were no signs that he was struggling financially. Based on this she didn't uphold this complaint.

Mr H didn't agree with our investigator's view. He said that the checks undertaken before the credit limit increase from £700 to £1,200 in January 2023, weren't proportionate. He said there were two late payments on his account, and he had exceeded the credit limit. He said this showed he was struggling to manage his account and further credit shouldn't have been provided. He also said that he had taken out a high-cost loan in the six months prior to this increase.

Our investigator considered the points Mr H had made but these didn't change her view.

As a resolution hasn't been agreed, this complaint has been passed to me, an ombudsman,

to issue 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.

Our general approach to complaints about unaffordable or irresponsible lending – including the key rules, guidance and good industry practice – is set out on our website.

The rules don't set out any specific checks which must be completed to assess creditworthiness. But while it is down to the firm to decide what specific checks it wishes to carry out, these should be reasonable and proportionate to the type and amount of credit being provided, the length of the term, the frequency and amount of the repayments, and the total cost of the credit.

Mr H applied for a credit account with J D Williams in November 2017. As part of the application process, J D Williams carried out a credit search. This showed that Mr H had no recent defaults or county court judgements and while he had other credit commitments, he appeared to be managing these. Given the initial credit limit was £100 and Mr H's credit report didn't raise any concerns, I do not find I can say that J D Williams was wrong to open the account for Mr H.

Mr H's credit limit was increased on seven occasions. The first two credit limit increases took place in the months immediately following the account being opened (December 2017 and January 2018). These increased Mr H's credit limit to £300. I have looked at the transactions data J D Williams has provided, and I can see that Mr H was making payments towards the account and I do not find that the credit data available at the time raised any serious concerns. Therefore, I do not find I can say J D Williams was wrong to apply these increases.

Mr H's credit limit was then increased to £500 in April 2018, £700 in May 2018 and £1,000 in July 2018. The account management data showed that Mr H was maintaining his account with his balance remaining within the credit limit and making his monthly payments. The credit check results at this time didn't raise concerns and I haven't seen evidence that meant J D Williams should have considered this additional credit to be unaffordable. Therefore, I do not find I can say that J D Williams was wrong to provide the credit.

Mr H's credit limit remained at £1,000 until September 2022. The transactions data shows that Mr H exceeded his credit limit in most months between November 2018 and March 2021. He then started to reduce the outstanding balance and remained within the credit limit until September 2022. At this time Mr H's outstanding balance was just over £600 and his credit limit was decreased to £700. I have nothing to suggest that J D Williams acted unfairly by taking this action.

Mr H's credit limit was increased from £700 to £1,200 in January 2023. It is this increase that Mr H said shouldn't have happened in his response to our investigator's view. J D Williams' credit data from the time showed that the worst status recorded on Mr H's credit accounts was '2'. Mr H has said he had taken out a high-cost loan in the months leading up to the increase. I have considered the information supplied by J D Williams alongside the credit report Mr H has provided to establish what credit information was available at that time. Having done so, I can see that the missed payments noted by J D Williams' credit check in the previous six months had been brought up to date by January 2023. While Mr H had defaults recorded on his credit file these were from 2021 and so historic. And as Mr H seemed to be generally maintaining his credit commitments in the months leading up to the

January 2023 increase, I do not find that his credit report raised concerns such that the limit increase shouldn't have happened. Therefore, I do not find I can say that J D Williams did anything wrong by applying the increase to Mr H's account.

Mr H's credit limit was increased to £2,000 in May 2023 and then reduced to £1,000 in September 2023. During the period of May to September 2023, Mr H's balance didn't exceed £1,200 and so he didn't make use of the credit limit increase to £2,000 so I cannot say that this caused him any detriment.

Taking everything into account, I do not find that J D Williams was wrong to provide Mr H with a credit account in November 2017. I also do not find that I have enough to say that the credit limit increases applied to the account should have been considered irresponsible.

I've also considered whether J D Williams acted unfairly or unreasonably in some other way given what Mr H has complained about, including whether its relationship with Mr H might have been viewed as unfair by a court under s.140A Consumer Credit Act 1974. However, for the reasons I've already given, I don't think J D Williams lent irresponsibly to Mr H or otherwise treated him 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**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 15 November 2024.

Jane Archer  
**Ombudsman**