

## **The complaint**

Mr B has complained that Shop Direct Finance Company Limited trading as very acted irresponsibly when it provided him with a catalogue shopping account in June 2020.

## **What happened**

Mr B applied for a catalogue shopping account with Very in June 2020. His application was approved, and he was given an account with an opening limit of £750. Between June 2020 and November 2022 Mr B's limit was increased multiple times to £4,500. Mr B has said that the account was never affordable for him and that he was becoming overly reliant on credit. He has asked that very refund all interest and charges associated with the account and that reference to it be removed from his credit file.

Very has said that at the time Mr B applied for the account, and for each credit limit increase, it ran all the necessary checks to ensure that the account was affordable to him. This included asking Mr B to complete an income and expenditure form, reviewing the information on his credit file and, for the limit increases, checking how his account was being managed. Having done that it was satisfied that the account was affordable for Mr B and didn't think it had made an error in opening the account in 2020 or in any of the subsequent lending decisions so it didn't uphold his complaint.

Unhappy with Very's response Mr B brought his complaint to our service. One of our investigators looked into it already. He found that the checks completed by Very, both at the point of application, and for each subsequent limit increase, were proportionate and that there was nothing in those checks that indicated the account wouldn't be affordable for Mr B. So, he didn't uphold the complaint.

Very accepted the investigator's findings, but Mr B didn't. He responded to say that the information provided by Very in relation to his income was incorrect and provided supporting evidence to show what his actual earnings were. He said based on those earnings the account was clearly unaffordable for him.

As Mr B disagreed with the investigator, he asked for an ombudsman to review his complaint again and so it's been passed to me for consideration.

## **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 agree with the outcome reached by our investigator and am not upholding Mr B's complaint. I know this will come as a disappointment for Mr B, so I've set out my reasons below.

I'd like to begin by confirming that this service isn't a regulatory body or a Court of Law and doesn't operate as such. Instead, this service is an informal, impartial dispute resolution service. And while we do take relevant law and regulation into account when arriving at our

decisions, our remit is focussed on determining whether we feel a fair or unfair outcome has occurred – from an impartial perspective, after taking all the factors and circumstances of a complaint into consideration.

I also want to acknowledge that I've summarised the events of the complaint. But I want to assure both parties that I've reviewed everything on file. And if I don't comment on something, it's not because I haven't considered it. It's because I've concentrated on what I think are the key issues. Our powers allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

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, the total cost of the credit and what it knew about the consumer at the time of application.

In his view to Mr B and Very our investigator set out in detail why he didn't think the business had made an error in opening the account in June 2020 or when it increased the limit on that account between that date and November 2022. The account limit was increased further beyond that date but Mr B never utilised more than the £4,500 limit and so I've not considered the lending decisions beyond that point.

In his response to those findings Mr B argued one specific point, namely that Very had declared his annual income as being approximately £49,500 and said that he was a homeowner, whereas Mr B has said his income was closer to £12,500 and he's only ever lived in rented accommodation.

Mr B provided evidence in the form of tax declarations to verify his income at the time and asked why we were taking the information from the business as correct when it was clearly wrong. He also cited other complaints he had brought to this service which had been upheld for irresponsible lending during the same period.

I've therefore considered whether the information provided by the business was correct and whether it was reasonable for Very to rely on those figures when considering Mr B's lending applications.

It's important to say I accept that Mr B was earning the lower amount at the time he applied for the account with Very and that the information he has now provided is genuine.

Looking at the information provided by Very I can see that at the point of application the income declared for Mr B was £49,500. To understand where this figure may have come from, I also reviewed the information on the other complaints Mr B brought to this service.

Those complaints were with different businesses and involved different types of credit and for larger amounts than those granted by Very. But they do relate to lending decisions that took place during the same time, so I would expect the information on those applications to mirror the information provided by Mr B. However, I can see that in those applications Mr B's declared income ranged from £38,000 to £45,000. And at no point was his income ever declared as being as low as £12,500.

The rules that apply to lenders do say that they are entitled to rely on the information provided to them at the point of application. Of course, that information should be tested and

verified when there are reasons to question whether it is correct. As part of our investigation into Mr B's complaint we asked Very to explain how it had verified the information it gathered when Mr B applied for the account with it.

It explained that the information as verified via data held by credit reference agencies and that there was nothing in those checks to make it think the information it held was incorrect. So, it based its affordability assessment on that information.

I think that's a reasonable approach for a business to take and I don't think, based on the information available to Very at the time Mr B applied for the account, or for the subsequent limit increases, there was anything in the checks it ran that would have alerted it to the fact some of the information it held was incorrect. And it would therefore be unreasonable for me to uphold Mr B's complaint on the basis that the information gathered by Very was incorrect when there was no reason to suspect that was the case.

Looking at the other checks Very completed I can see that each time Mr B applied for a credit limit increase it reviewed his credit file, how his other accounts with other lenders were being maintained as well as how he was managing the account he held with it. Having completed those checks there were no indications that Mr B was becoming over indebted. His credit file showed no missed payments, arrears or defaults and his Very account was similarly well maintained and kept up to date. So again, I can't say the business missed any indicators that Mr B was starting to struggle financially.

I appreciate that in October 2023 Mr B's account went into arrears and he subsequently ended up in a debt relief order. I've no doubt that this has caused Mr B a lot of stress and that he has found himself in a very difficult position. However, I have to base my findings on what was available to the business at the time he applied for the credit, and I've not been able to find anything between June 2020 and November 2022 that would have shown Mr B was unable to afford the account he held with Very or sustainably manage the limit increases as they were approved. Which means I can't say the business did anything wrong in the lending decisions it made, and I can't uphold his complaint on that basis.

I've also considered whether Very acted unfairly or unreasonably in some other way, including whether its relationship with Mr B might have been viewed as unfair by a court under s.140A Consumer Credit Act 1974. However, for the same reasons I've set out above, I've not seen anything that makes me think this was likely to have been the case.

### **My final decision**

For the reasons set out above I don't uphold Mr B's complaint against Shop Direct Finance Company Limited trading as very.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 13 March 2025.

Karen Hanlon  
**Ombudsman**