

## **The complaint**

Mr T complains that Zempler Bank Limited trading as Cashplus Bank lent to him irresponsibly.

## **What happened**

In 2023 Cashplus gave Mr T a credit card with a limit of £1,000. Mr T considers that Cashplus did not properly assess his creditworthiness before giving him the credit card. He said if it had carried out proper checks it would have seen that he was already significantly in debt, that he'd previously defaulted and that he was using a debt management company. He wants Cashplus to refund the interest it's charged him.

The investigator did not think the complaint should be upheld. She did not think the checks carried out by Cashplus before giving Mr T a credit card were proportionate. But she thought that if it had undertaken appropriate checks, it would have been reasonable for it to conclude the lending it agreed was affordable for Mr T.

Mr T did not accept what the investigator said. He responded to say that was already carrying substantial debt when the credit card was approved. He did not understand how it was responsible lending. Mr T said that after complaining the lending was irresponsible, Cashplus offered to increase his credit limit by £600.

## **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.

Cashplus had a duty to make sure it did not lend irresponsibly. In practice, that meant that it should carry out reasonable and proportionate checks to understand whether Mr T could afford to repay before approving the credit card.

What is reasonable and proportionate will depend on the individual circumstances. For example, it might be 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.

On the other hand, we might think a lender needs to do more if, for example, a borrower's income was low, the amount lent was high or if the information the lender ought to have looked at indicated some financial instability or difficulty. 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 borrower irresponsibly.

Cashplus has told us that it carried out a "systems based analysis" before giving Mr T a credit card. It said that included looking at Mr T's credit file and assessing how much outstanding debt he had. It said that it worked out the credit limit to offer Mr T on the basis that he was using 35% of his income to repay existing debt and that would leave him with enough available income to pay 10% of the balance on a £1,000 credit limit.

The investigator said that Cashplus had only looked at a summary of Mr T's credit commitments. She said it ought to have reviewed his repayment history on his credit file to determine if it needed to verify Mr T's income. I agree that the evidence we have is that Cashplus only had a summary of Mr T's credit commitments – so I don't think Cashplus has shown that the checks carried out were proportionate in the circumstances of this case.

We have Mr T's credit report from July 2024. The information on the report after July 2023 isn't relevant here as it is not information that would have been available to Cashplus when it made its lending decision. The information from before July 2023 shows there was no adverse information showing on the credit file – but I agree that Mr T was utilising a high proportion of his available credit and that his commitments were high in relation to his declared income, so a reasonable lender would have gone on to verify his income.

The information we have shows that Mr T's actual net income was lower than Cashplus used in its affordability assessment. But even if Cashplus had used the correct lower figure it would have been reasonable for it to consider that the credit limit it agreed was affordable and sustainable for Mr T, taking into account his confirmed credit commitments and housing costs – and the other figures it used to assess his outgoings.

Overall, in the circumstances, I agree that Cashplus ought to have done more checks to establish if the credit limit it agreed for Mr T was affordable and sustainable. But if it had done more to check Mr T's credit file and to verify his income it would still have been reasonable for it to approve the amount it did.

**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 Mr T to accept or reject my decision before 1 April 2025.

Ken Rose  
**Ombudsman**