

## **The complaint**

Mrs A complains J D Williams & Company Limited (JDW) irresponsibly agreed to a running account credit agreement she couldn't afford.

In bringing her complaint Mrs A is represented by a third party. For ease of reading I will only refer to Mrs A in my decision.

## **What happened**

In January 2019, Mrs A applied for a catalogue shopping account with JDW. It was an open ended running credit account. Her application was successful and JDW applied a credit limit of £125. JDW increased the credit limit the following month to £250. The limit was increased further in August, September and October 2019 to £400, £600 and £750 respectively. Mrs A complained to JDW saying the account had been unaffordable to her and in increasing the credit limits, JDW had made her financial circumstances worse.

JDW said they'd considered Mrs A's application data, credit reference agency (CRA) and other external and internal data. They said while Mrs A's credit check showed she'd suffered financial difficulties previously these were historic. They said they'd opened Mrs A's account with a low credit limit. And had monitored her account to check any future credit limit increases were affordable.

Mrs A wasn't happy with JDW's response and referred her complaint to us.

Our investigator said the information gathered by JDW was reasonable and that based on these checks they'd made fair lending decisions.

Mrs A didn't agree and asked for an ombudsman to decide.

## **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.

I appreciate that this will be a disappointment for Mrs A. But having done so I'm not upholding this complaint. I'll explain why.

I've considered the relevant rules and guidance on responsible lending set by the regulator, laid out in the consumer credit handbook (CONC). JDW needed to take reasonable steps to ensure that they didn't lend irresponsibly. In practice this means they should have carried out proportionate checks to make sure Mrs A could afford to repay what she was being lent in a sustainable manner. These checks could take into account a number of different things, such as how much was being lent, the repayment amounts and the consumer's income and expenditure. But it's important to note Mrs A was being provided with a revolving credit facility rather than a loan. And this means that JDW was required to understand whether each credit limit could be repaid within a reasonable period, rather than in one go. For the initial opening of the account the credit limit of £125 required relatively low monthly

payments to clear the full amount that could be owed within a reasonable period.

There's no set list of the checks a lender needs to undertake. Mrs A had shown she was in employment (evidence provided by Mrs A to us supports this). JDW has provided the information they gathered at the time of the account opening. This showed Mrs A had nine active accounts, there was evidence of a county court judgment and three defaults, but these were historic being 34 and 55 months respectively. Whilst this did show previous financial vulnerability an historically poor credit history shouldn't preclude a borrower from being able to obtain further credit to help improve their credit history. And there wasn't any evidence that Mrs A was struggling with her current active accounts.

As outlined above the initial lending was for £125 which I think would have meant Mrs A would have needed to repay less than £10 a month. I can see JDW increased her credit limit the following month to £250 which was still a low level of borrowing equating to around £12.50 a month to repay within a reasonable period. I think for the level of borrowing being provided by JDW the checks they did were proportionate. And based on the checks JDW did I haven't seen any evidence that the lending would have been unaffordable for Mrs A.

I have considered the other credit provided, the size of which was relatively modest even at its height. So I wouldn't have expected JDW to have done too much more for these increases than they did when determining whether to initially provide the account. And for the credit limit increases JDW also had evidence of how Mrs A was managing her account with them. I can see that Mrs A paid slightly more than the minimum required each month. And that there weren't any signs of missed payment or over the limit fees.

I take on board Mrs A's comment that the increases to her credit limit were made in quick succession and wouldn't allow for JDW to ascertain her ability to sustain the repayments. But for all the information that JDW has shown at the time of the lending decisions, I'm not persuaded they needed to check further. And even had they done so, from the evidence provided by Mrs A I don't think there was anything to show their lending was unreasonable.

I'm satisfied the initial credit and the subsequent increases to the credit limits checks were reasonable. So, I don't think JDW acted unfairly or unreasonably in lending to Mrs A.

I understand Mrs A will be disappointed by my decision but I hope she can be reassured that her concerns have been listened to. But for me to reach a different outcome I'd have to find JDW has done something wrong, and for this complaint I don't think they have.

I've also considered whether JDW acted unfairly or unreasonably in some other way given what Mrs A has complained about, including whether their relationship with her might have been unfair under Section 140A Consumer Credit Act 1974. But for the reasons I've already given I don't think JDW lent irresponsibly or otherwise treated Mrs A unfairly. I haven't seen anything to suggest s140A or anything else would given the facts of this complaint lead to a different outcome here.

**My final decision**

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs A to accept or reject my decision before 18 June 2025.

Anne Scarr  
**Ombudsman**