

Complaint

Miss S has complained about a catalogue shopping account Next Retail Limited (trading as "Next Online") provided to her. She says the catalogue shopping account was irresponsibly provided as it was unaffordable for her.

Background

In December 2020, Miss S applied for a catalogue shopping account with Next Online. Miss S' application was accepted and she was given a credit limit of £600. Miss S' limit was never increased.

One of our investigators reviewed what Miss S and Next Online had told us. And she thought Next Online hadn't done anything wrong or treated Miss S unfairly in relation to providing the catalogue shopping account. So she didn't recommend that Miss S' complaint be upheld.

Miss S disagreed and asked for an ombudsman to look at the 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 S' complaint.

Having carefully considered everything, I've decided not to uphold Miss S' complaint. I'll explain why in a little more detail.

Next Online needed to make sure it didn't lend irresponsibly. In practice, what this means is Next Online needed to carry out proportionate checks to be able to understand whether Miss S 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.

Next Online says it initially agreed to Miss S' application after it obtained information on her income and also carried out a credit search on her. And the information obtained indicated that Miss S would be able to make the low monthly repayments due for this catalogue shopping account. On the other hand, Miss S says that she shouldn't have been lent to as she was in a poor financial position.

I've considered what the parties have said.

What's important to note is that Miss S was provided with a revolving credit facility rather than a loan. This means that Next Online was required to understand whether a credit limit of £600 could be repaid within a reasonable period of time, rather than all in one go. And a credit limit of £600 required relatively low monthly payments in order to clear the full amount owed within a reasonable period of time.

I've seen records of the information that was on the credit search Next Online carried out. Next Online's credit check did not indicate that Miss S had had any significant difficulties repaying credit – such as defaulted accounts or county court judgements. Furthermore, while Miss S had had some arrears on an account this had been brought up to date by the time of her application for this account.

In these circumstances, I don't think that Miss S' arrears mean that she shouldn't have been lent to in the way that she suggests. Ultimately, it was up to Next Online to decide whether it wished to accept the credit risk of taking on Miss S as a customer provided it was reasonably entitled to believe that the credit was affordable and it reasonably mitigated the risk of harm to her going forward. I'm satisfied that Next Online did mitigate this risk by providing Miss S with a low credit limit to begin with.

For the sake of completeness, I would also add that it's also not even immediately apparent to me that even more checks, which at the absolute maximum would have consisted of asking Miss S about her living expenses rather than relying on estimates of this, would, in any event, have led to Next Online making a different decision to provide this account.

I say this because despite having been given the opportunity to do so, Miss S' hasn't provided anything at all to support that her monthly committed living costs were substantially higher than the data that Next Online used.

In reaching my conclusions, I've also considered whether the lending relationship between Next Online and Miss S might have been unfair to Miss S under section 140A of the Consumer Credit Act 1974 ("CCA").

However, for the reasons I've explained, I've not been persuaded that Next Online irresponsibly lent to Miss S or otherwise treated her unfairly in relation to this matter. And I haven't seen anything to suggest that section 140A CCA or anything else would, given the facts of this complaint, lead to a different outcome here.

Overall and having considered everything, while I can understand Miss S' sentiments and I'm sorry to hear about her situation, I'm satisfied that Next Online carried out proportionate checks before providing this catalogue shopping account to Miss S. So I don't think that Next Online treated Miss S unfairly or unreasonably and I'm not upholding this complaint. I appreciate this will be very disappointing for Miss S. But I hope she'll understand the reasons for my decision and that she'll at least feel her concerns have been listened to.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 22 July 2025.

Jeshen Narayanan
Ombudsman