

The complaint

Mr I complains about the way Shop Direct Finance Company Limited ('Shop Direct') handled his application for credit.

What happened

Mr I made an online application for a Shop Direct (trading as Very) account on 10 November 2024. Whilst the application was initially approved on the same day (10 November 2024), the next day (11 November 2024), Shop Direct cancelled the account. Mr I complained to Shop Direct. Shop Direct rejected the complaint saying, amongst other things, that the account was only offered 'subject to status'. And after further checks, it decided to decline Mr I's application.

When the matter came to us our investigator didn't recommend upholding the complaint. Mr I asked for an ombudsman's decision on this matter. Mr I said that his issue wasn't that Shop Direct used the words 'subject to credit and account status' but rather he considers there was a lack of indication his account may not be approved based on further checks.

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.

Although a number of issues have been raised, this decision only addresses those issues I consider to be materially relevant to this complaint. This isn't meant as a discourtesy to either party – it simply reflects the informal nature of our Service. However, I've given careful consideration to all of the submissions made before arriving at my decision.

I understand why Mr I would be disappointed when he discovered that his application for credit had been refused. And particularly so when it had at first seemed to be accepted. But just as consumers are able to choose which business to use, so lenders have the discretion to accept or decline applications for credit from potential borrowers. And businesses don't always have to offer a reason if an application is declined. Whilst Shop Direct didn't give exact reasons for declining the application, I can see it did tell Mr I that based on further checks including of his credit file, his application for credit account was ultimately unsuccessful.

Nonetheless, what Mr I is particularly unhappy about is that he believes Shop Direct didn't say his application was subject to more checks – rather it used the words 'subject to status' which he didn't think was clear enough to avoid the disappointment he experienced when Shop Direct changed its decision. However, I think by saying credit was only offered 'subject to status', certain checks would need to be carried out in order to establish what that status was. My understanding is that the initial offer was only based on what Mr I had said in his application form, so I don't think it was unreasonable or unfair for Shop Direct to carry out more checks.

I've noted what Mr I has said about the notice period he thinks he should've been given. But as I've said the account had only been offered on a 'subject to status' basis. In any event, from what I can see any disappointment Mr I may have felt was mitigated by the fact Shop

Direct was able to tell him within one day of its decision. So, even if I were to accept Shop Direct could've been clearer about what 'subject to status' meant (which I don't), I think given Mr I was told reasonably quickly about its decision to revoke the account due to these further checks, I can't reasonably or fairly say compensation is warranted in this case.

Mr I is also unhappy about a 'hard' credit search being recorded on his credit file which he considers is damaging. However, given he was applying for credit, I don't think this was an unreasonable or unfair step for Shop Direct to take. And as the application had been made, Shop Direct was entitled to report this to the Credit Reference Agencies as it was an accurate statement.

For all these reasons, whilst I know this will be a disappointing outcome for Mr I, I'm not upholding this complaint.

My final decision

My final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr I to accept or reject my decision before 17 October 2025.

Yolande Mcleod
Ombudsman