

## **The complaint**

Mr Q complains that Creation Consumer Finance Ltd (Creation) didn't sufficiently check whether he could sustain the repayments before they agreed to his opening a credit account.

In bringing his complaint Mr Q is represented by a third party. For ease of reading I will only refer to Mr Q in my decision.

## **What happened**

In August 2019 Mr Q applied for a credit account with Creation when he acquired a digital camera. He paid a deposit of £400, and had the option to Buy Now Pay Later (BNPL) by paying the remainder of the balance by February 2020. The credit account had a £1,000 credit limit. Mr Q said he struggled to maintain the repayments as he'd other borrowing, and if Creation had properly checked they would have seen the lending wasn't affordable for him. He complained to Creation.

Creation said they used Mr Q's application data and checked his credit history. From these checks they found Mr Q had a low level of indebtedness and he'd sufficient income to sustain his repayments. Based on these checks Creation said their lending decision was fair.

Mr Q didn't agree and referred his complaint to us.

Our investigator said for the type of lending Creation provided their checks were proportionate and fair. And that they'd made a fair lending decision.

Mr Q 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 Mr Q will be disappointed by my decision but having done so I'm not upholding his complaint. I'll explain why.

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 Mr Q's complaint.

Creation needed to make sure they didn't lend irresponsibly. This means Creation needed to carry out proportionate checks to be able to understand whether Mr Q could afford to repay the lending before providing him with a credit account.

The credit account Mr Q was provided with had a credit limit of £1,000.00. Mr Q had acquired a digital camera with a BNPL option. This was a revolving credit facility, which meant Creation needed to understand whether Mr Q could repay around £1,000.00 within a reasonable period if he didn't settle his BNPL before interest was applied. A credit limit of this amount required reasonable – but not excessive - monthly payments of around £43 to clear the full amount owed within a reasonable period.

Creation said from Mr Q's application data, he was married, a tenant with no dependants, in full time employment with an annual income of £80,000. From their CRA checks they didn't find that Mr Q had any credit commitments. And based on this he'd sufficient disposable income to sustain the repayments.

Mr Q has provided his own credit report so I've considered this as it should provide the details that Creation could have seen. I can see Mr Q had three credit cards with credit limit balances of £700, £250 and £250 respectively. Mr Q says he was using his credit limits to their maximum limit and had at time exceeded his credit limit which should have shown he was struggling financially. But I can see from his credit report that whilst he may have exceeded his credit limit on occasion and had the odd cash advance, he was often paying more than his minimum repayment and would regularly pay his credit card balances in full. Mr Q also had a hire purchase agreement that began around March 2018 with a balance of £15,122 that had reduced to around £2,900 at the time his credit account with Creation. He'd an unsecured loan of £10,000, which at the time of the lending he was up to date with his repayments (although he had missed one payment in the preceding six months.) A default for a utility account was showing on Mr Q's credit report but this had been registered in June 2017, so I'd consider this to be historic as it was over 12 months before.

Given the credit limit provided and Mr Q's existing credit commitments, I think the checks Creation did were proportionate and they didn't need any further information such as bank statements before they could make a fair lending decision. From the evidence I've seen I'm satisfied Mr Q should have had sufficient disposable income to sustain repayments of around £43 a month to clear the balance of the credit account within a reasonable period. So I think Creation made a fair lending decision.

In reaching this conclusion I've also considered whether the lending relationship between Creation and Mr Q might have been unfair to him under Section 140A of the Consumer Credit Act 1974. But for the reasons I've explained, I don't think Creation irresponsibly lent to Mr Q or otherwise treated him unfairly in relation to this matter. And I haven't seen anything to suggest that 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 Mr Q to accept or reject my decision before 11 June 2025.

Anne Scarr  
**Ombudsman**