

The complaint

Mrs L complains JAJA FINANCE LTD (“JAJA”) didn’t carry out adequate affordability assessments and checks she applied for an account.

What happened

Mrs L applied for a card and the account was opened in December 2023 with a credit limit of £1000. In October 2024 Mrs L complained to JAJA as she thought it had lent irresponsibly to her. She told it she should never have been given the card as she was sick, disabled and not working at the time the card was taken out. She also said checks, which ought to have been carried out on her credit report at the time, would have shown her late payments and defaults. So JAJA would have seen, from such checks, it was both irresponsible and unaffordable to lend to her. She asked for the interest and charges she’d paid to be refunded or for JAJA to consider wiping the debt entirely and removing negative information from her credit file. She also sent it other letters on the same date asking for the debt to be written off, to inform them she was a vulnerable person and to ask for action on the account to be hold for a period of at least 30 days as, due to a change in her benefits claim, she has no income for a time.

In their Final Response Letter JAJA didn’t uphold the complaint. It told her affordability had been proven by herself and a complete check of her credit file was also undertaken. So, it was satisfied all the correct lending protocols were met. JAJA also told her all charges and interest had been applied in line with both the activity on and the terms and conditions on the account. Mrs L brought the matter to us.

Our investigator didn’t uphold the complaint. He didn’t think JAJA acted unfairly when approving Mrs L’s application and grant of rolling credit up to the initial limit of £1000. He thought the checks JAJA completed were proportionate for the amount of credit granted. He was of this view even when considering the point about estimates used to calculate average expenditure. Having considered Mrs L’s medical records, our investigator thought, it was reasonable to interpret she wouldn’t be the average person and so wouldn’t have average expenditure due to her medical conditions. But he also thought, as this information was only disclosed to JAJA after the application in October 2024, it had no reason to suspect it wasn’t appropriate to use such estimates in her case.

Mrs L told us she didn’t accept the investigators view and asked for an ombudsman to make a final decision.

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.

Having done so, I’ve concluded this isn’t a complaint I can properly uphold. I’ll explain why.

There’s very little I can helpfully add to what our investigator has already told Mrs L. He’s summarised the approach this service takes to complaints about unaffordable and

irresponsible borrowing. He's also accurately set out, in his view, the details of the credit agreement, so I shan't repeat all that here.

Mrs L's application for credit was some time ago, so I've considered all the information currently available to me when thinking about whether or not JAJA completed proportionate and reasonable checks to satisfy itself Mrs L would be able to repay the card in a sustainable way. Having done so I'm persuaded JAJA's checks were appropriate *and* proportionate to the credit granted for the following reasons.

- JAJA verified the self-declared income Mrs L stated on her application form using a credit bureau. The application data it sent us shows the credit bureau check reported a minimal variation between the information Mrs L supplied about her income to that reported by the bureau. In his view, our investigator has already set out both the obligations on a lender when considering an applicant's income and what's considered appropriate verification under CONC rules, so I shan't repeat that here. Although I haven't seen a separate report from the credit bureau, just a summary of the entries, there's nothing to suggest the entry in JAJA's records is inaccurate. So, I'm persuaded it's met the verification obligations here.
- The application data from JAJA shows a credit file check at the time of application. That's marked as showing there were no strong indicators of financial difficulty. The result of this check suggested that the credit card would likely be affordable and sustainable to Mrs L.
- JAJA's expenditure check used estimates based on national statistics for non-discretionary expenditure alongside a monthly buffer of £170. The outcome of that calculation suggested Mrs L had enough income after such expenses and the repayments on this account.
- Having seen the medical records Mrs L's shared with us I can see how it doesn't necessarily follow that such estimates would have been appropriate in making the calculations for her, as she might not have had average expenditure due to her medical conditions. But JAJA weren't made aware of this information at the application so had no reason to think the estimates of expenditure used wouldn't be appropriate for Mrs L.

Even though I think proportionate checks were completed I've also got to think about whether JAJA made a fair lending decision given the information it had collected and what it knew about Mrs L's circumstances.

From the income verified by JAJA, it deducted estimated expenses. I've touched on above, why using average estimates for expenditure might not have been appropriate in Mrs L's particular circumstances. But JAJA can only act on information disclosed or otherwise available to it. And this information wasn't available to JAJA at the time the lending decision was made. Furthermore, Mrs L's credit information at the time suggested that she was managing her repayments well and was not subject to financial stress. The search showed no arrears in the six months preceding and no defaults within 12 months of this credit card application. Additionally, there were no county court judgements ("CCJ's") recorded or accounts in active payments plan at the time when the credit search was completed. Overall, her outstanding debt was low and, although there were defaults on Mrs L's credit file, the most recent was some time - 42 months - prior to this application. And there were no bankruptcies recorded. All of this, I think, suggested the borrowing and limits set were affordable for Mrs L. There was nothing on the credit file that should have prompted concern from JAJA about her being able to sustain repayments. So, I don't think it's reasonable to say JAJA acted unfairly when making the decision to lend here.

As a final exercise, I've also thought about whether JAJA, in any other way, acted unfairly or unreasonably towards Mrs L. There are several strands to this, I'll deal with each in turn.

Firstly, I've thought about the way it handled her request for a hold on this account. Mrs L said she asked for this when reapplying for benefits and had a period with no income. I've seen a screenshot of part of a letter warning Mrs L of the need to reapply for benefits before 20 July 2024, following an earlier reminder in April 2024. So, I don't doubt she found herself in this situation and that it was a difficult time for her. But, on the information before me, the first evidence of JAJA being made aware of this is in October 2024. In one of the series of letters Mrs L sent on the same date as the original complaint. JAJA responded promptly, freezing interest and charges for 30 days. So, in these circumstances, I can't say JAJA have been unreasonable. And the current existence of a payment plan suggests it's continued to take a fair and reasonable approach to the difficulties Mrs L finds herself in.

Secondly, there's JAJA's later default of Mrs L's account and the impact that had on her credit file. The information and payment history I see in the monthly statements suggest this default was undertaken in line with the guidance from the ICO. And reported as such on the credit file. As banks have an obligation to report information accurately, I can't say it's unreasonable or unfair for JAJA to decline Mrs L's request to remove entries from her credit file.

And finally, I've thought about whether JAJA's relationship with Mrs L might have been unfair in any other way. But, for the same reasons I've set out above, there's no information to persuade me that this was likely to have been the case.

Overall, I don't think JAJA have done anything wrong here. So, I'm not going to uphold this complaint.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs L to accept or reject my decision before 3 October 2025.

Annabel O'Sullivan
Ombudsman