

## **The complaint**

Mrs D complains that Next Retail Limited trading as Next Online (Next) acted irresponsibly when they agreed to the opening of a credit account and subsequent credit limit increase.

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

## **What happened**

In December 2018 Mrs D applied for a catalogue account with Next. Her application was successful and Next applied a credit limit of £600. In October 2024 Next increased Mrs D's credit limit to £750. Mrs D said Next failed to sufficiently check she could sustain her repayments. She complained to them.

Next said their checks were reasonable and proportionate and adhered to the relevant guidance. They said they'd checked whether the account and subsequent credit limit increase was affordable for Mrs D using her application and credit reference agency (CRA) data. Along with any internal data they held about her account. Her credit history didn't show any financial vulnerability, and her affordability scores were good.

Mrs D wasn't happy with Next's response and referred her complaint to us.

Our investigator said given the type and amount of the lending Next's checks had been fair.

Mrs D disagreed 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 my decision will disappoint Mrs D but having done so I'm not upholding her 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). In summary, these say that before Next offered the account they needed to complete reasonable and proportionate checks to be satisfied Mrs D would be able to repay the debt in a sustainable way.

But it's important to note Mrs D was being provided with an open ended credit facility rather than a loan. As it was revolving credit there's no fixed amount that needed to be repaid each week/month. Any repayment was dependent on the transactions made and any outstanding balance. The relevant guidance requires a firm to assume when carrying out their assessment that the entire credit limit is drawn down at the earliest opportunity and repaid in equal instalments over a reasonable period. So, this means that Next was required to understand whether a credit limit of £600 could be repaid within a reasonable period, rather than in one go. A credit limit of £600 required relatively low monthly payments to clear the

full amount that could be owed within a reasonable period. I'd expect this would be around £30.

In deciding what was proportionate each time they provided credit to Mrs D, Next needed to take into account things such as (but not limited to): the amount of credit, the size of any regular payments (taking into consideration the rules and guidance in CONC relating to assumptions concerning running account credit agreements), the cost of credit and the consumer's circumstances.

I've considered the checks Next did.

Next has shown they cross checked Mrs D's application data with a CRA. This showed she'd four active accounts which were all being managed well, and she was up to date with all her repayments. The check didn't show any financial vulnerability as Mrs D hadn't defaulted any account or had any county court judgments. Given the type and the amount being borrowed I think any further checks would have been disproportionate. And I've no reason to say Next shouldn't have been able to rely on the information they gathered. So based on these checks I'm satisfied Next's lending decision was fair and Mrs D should have been able to sustain her repayments.

In October 2024 Next increased Mrs D's credit limit to £750. An incremental increase of £150. Which I think would have had the financial impact of an additional £7.50 a month. Next has shown they monitor accounts using a blend of internal and external data to reassess and actively manage credit limits. They've said relevant data is taken from CRAs and used alongside internal knowledge. The CRA data didn't show any signs of financial vulnerability. And I can see Mrs D was managing her Next account well, paying more than the required minimum repayment. In the six months prior to the credit limit increase I can see Mrs D paid in total around £333 against a minimum requirement of around £173. I haven't seen any evidence of missed payments. So, on balance, Mrs D should have been able to sustain the additional repayment increase.

So given the type and amount of borrowing provided by Next I'm satisfied Next's checks were proportionate and based on these Mrs D should have been able to sustain her repayments. So, I don't think Next has acted unfairly or unreasonably.

I've also considered whether Next acted unfairly or unreasonably in some other way given what Mrs D has complained about, including whether their relationship with her might have been viewed as unfair by a court under Section 140A Consumer Credit Act 1974. But for the reasons I've already given I don't think Next lent irresponsibly to Mrs D or otherwise treated her unfairly. 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 Mrs D to accept or reject my decision before 4 August 2025.

Anne Scarr  
**Ombudsman**