

The complaint

Mr G complains that Creation Financial Services trading as Creation lent irresponsibly when it approved his credit card application and later increased the credit limit.

What happened

Mr G applied for a Creation credit card in August 2013. In his application, Mr G said he was employed with an annual income of over £50,000 and was renting his home. Creation carried out a credit search and found no evidence of County Court Judgements or defaults. The credit file results showed Mr G had missed a payment in the previous 12 months but that there were no current arrears.

Creation says it applied its lending criteria and used a figure of £2,083, representing 50% of Mr G's monthly income, to cover his living expenses. Creation says that left Mr G with £2,083 a month as disposable income which was sufficient to afford repayments to a new credit card with a limit of £7,500. Creation approved Mr G's application and issued a credit card.

Mr G used the credit card and at some point before March 2019 the credit limit was increased by Creation to £10,500. In November 2019 Mr G's credit limit was reduced to £7,700 by Creation following missed payments on the account. Mr G repaid the outstanding balance in July 2022 and the account was subsequently closed.

Last year, Mr G complained that Creation lent irresponsibly and it issued a final response. Creation said Mr G had waited too long to raise his complaint which meant it was unable to respond to the concerns he raised.

An investigator at this service looked at Mr G's complaint. Creation initially raised an objection that Mr G had waited too long to refer his complaint to us but later consented to our investigation. Creation provided a copy of the application information it used and credit file results it obtained. But Creation explained it didn't have the lending data showing the checks completed when increasing Mr G's credit limit to £10,500.

The investigator looked at historic copies of credit reports provided by Mr G along with copies of some of his bank statements. The investigator also reviewed the evidence supplied by Creation. The investigator wasn't persuaded the information Creation provided showed it had completed reasonable and proportionate lending checks before approving Mr G's application. But the investigator wasn't able to reach a firm conclusion about Mr G's regular income and outgoings using the statement evidence supplied. Overall, the investigator wasn't able to reach the conclusion Creation lent irresponsibly and didn't uphold Mr G's complaint. Mr G asked to appeal, so his complaint has been passed to me to make a 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.

Before agreeing to lend or increasing the credit limit, the rules say Creation had to complete reasonable and proportionate checks to ensure Mr G could afford to repay the debt in a sustainable way. These affordability checks needed to be focused on the borrower's circumstances. The nature of what's considered reasonable and proportionate will vary depending on various factors like:

- The amount of credit;
- The total sum repayable and the size of regular repayments;
- The duration of the agreement;
- The costs of the credit; and
- The consumer's individual circumstances.

That means there's no set list of checks a lender must complete. But lenders are required to consider the above points when deciding what's reasonable and proportionate. Lenders may choose to verify a borrower's income or obtain a more detailed picture of their circumstances by reviewing bank statements for example. More information about how we consider irresponsible lending complaints can be found on our website.

As our investigator has already noted, there are some difficulties in considering Mr G's complaint due to the passage of time and lack of available information. Creation isn't required to retain information indefinitely and has explained that beyond a copy of the application Mr G submitted, it has little further evidence to supply from 2013. Further, Creation has confirmed it's unable to say when the credit limit increase from £7,500 to £10,500 was approved and Mr G hasn't given us that information either. I've taken the available information into account when considering Mr G's complaint.

Whilst the lending data Creation has provided gives some basic information concerning how it considered Mr G's application, it isn't enough to demonstrate reasonable and proportionate checks were completed, especially taking the size of the initial credit limit into account. As a result, I've looked at the other information we hold on file about Mr G's circumstances at the time to try and get a clearer understanding.

Mr G has sent a credit file from 2011 but that predates his application by around two years so doesn't show what Creation would've found. The credit file from November 2014 was produced over a year after the application was approved. I've reviewed it to look get a picture of what Mr G owed at the point of application. The November 2014 credit file shows Mr G had other credit cards and an overdraft facility with outstanding balances. The credit file shows Mr G overdraft balance varied considerably each month and was often repaid in full.

I've also looked at the bank statements Mr G has sent us. I can see our investigator reached the conclusion they were unable get a complete picture of Mr G's circumstances by reviewing the bank statements provided. Mr G's explained that he no longer has access to his other bank account so can't provide those statements. I agree with the investigator that without further information, it's difficult to get a firm understand of Mr G's circumstances in the months before his application to Creation. What I will say is that the income Mr G was receiving into the bank account we do have statements for appears sufficient to cover his committed outgoings each month and leave funds available to cover other expenses. I'm sorry to disappoint Mr G but I haven't been able to reach the conclusion that Creation lent irresponsibly based on the submitted bank statements.

I am aware the credit limit was increased at some point from £7,500 to £10,500 as the credit card statements on file show it had increased to that level. But neither party has been able to

confirm the date in question and no lending data remains available. As neither party has supplied any evidence concerning the credit limit increase, I'm unable to reach a fair decision about whether Creation lent irresponsibly. I'm sorry to disappoint Mr G but the information available doesn't allow me to reach the view Creation lent irresponsibly when it increased the credit limit. As a result, I'm unable to uphold Mr G's complaint.

I've considered whether the business acted unfairly or unreasonably in any other way including whether the relationship might have been unfair under Section 140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think Creation lent irresponsibly to Mr G or otherwise treated him unfairly. I haven't seen anything to suggest that Section 140A or anything else would, given the facts of this complaint, lead to a different outcome here.

My final decision

My decision is that I don't uphold Mr G's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 11 July 2025.

Marco Manente
Ombudsman