

## The complaint

Miss P complains Next Retail Limited trading as NextPay (NextPay) shouldn't have opened a second credit account because she previously had an account with it which had defaulted.

## What happened

Miss P first opened an account with NextPay in 2013. This account was defaulted, and the debt was sold to a third party. Miss P opened a credit account with NextPay on 20 February 2020 with an initial limit of £600. NextPay increased the credit limit to £750 on 3 December 2021.

The parties accepted our Investigator's explanation about why the part of the complaint about the first account had been raised outside of the relevant time limits and wasn't one our service could consider. So, I won't comment on this further.

Miss P complained to NextPay. It responded to the complaint on 11 November 2024. However, it also confirmed it would be suspending transactions on the second account because the first account had defaulted. It said it was against its policy to offer a further credit facility where a previous one had defaulted. Miss P remained unhappy and asked our service to investigate.

On 24 June 2025, I issued a provisional decision. I said:

*I need to be clear that I would only be able to direct NextPay to do something if I find that they have done something wrong, and that this has caused Miss P a loss. I'm mindful our Investigator has recommended NextPay suspend interest, but I can only do this where I find it has acted improperly by opening the second account and this caused Miss P a loss. Having reviewed this complaint, I'm currently not minded to decide this. I'll explain why.*

*Firstly, I'd like to explain that I understand the crux of Miss P's complaint is that the NextPay account which started in February 2020 shouldn't have been opened because of a previous defaulted account. This is in line with its own policy.*

*Miss P explained NextPay have accepted the account shouldn't have been opened, I'm not satisfied this is what NextPay said in its final response. Instead, it explained that because of a change of address and contact details its systems didn't pick up the first account when Miss P made the second application. I understand her position here as I appreciate her name and birthdate remained the same. On the other hand, some years had passed since her first account closed and she had changed her address and contact details.*

*I don't find NextPay's explanation unreasonable in the circumstances. In any event, I would also note that this policy most likely relates to NextPay's own appetite for risk. Although it has a policy, I can't say it has actually done anything wrong by opening*

*this credit account for Miss P. She has accepted the lending was affordable and it's something she wanted at the time she applied for it.*

*For the avoidance of doubt, I don't think there was anything wrong with NextPay's decision to provide her with the credit. It carried out checks with credit reference agencies and none of the information it obtained seemed to indicate Miss P wouldn't be able to afford a reasonable repayment amount towards this very modest limit.*

*Miss P has raised concerns about the credit search which was carried out because she feels the previous account ought to have been apparent. However, the credit search and data NextPay obtained from the credit reference agency (CRA) doesn't go into the same level of detail as say the credit file Miss P has provided to us. For a modest limit such as this, it is a lighter approach. For example, it shows the number of active accounts, but not necessarily the lender for each account. The data will have taken into account Miss P's credit history, but the default happened in 2016 and so is less relevant to a lending decision in 2020 particularly where it seemed she was managing her credit. It wouldn't be necessary for NextPay to consider Miss P's credit history in further detail for such a modest limit. Therefore, I have no concerns about the checks carried out here.*

*I understand Miss P is concerned NextPay have unfairly profited from the account. Miss P has said she is not concerned about the suspension of the account in itself but feels no interest or charges should be applied. However, she applied for credit which she wanted and which was affordable, and she used the account to purchase goods. She always expected to pay for interest and charges on the credit she used. So, I'm not minded to say NextPay ought to refund any interest and charges or that it needs to suspend interest because it provided her with the account.*

*Additionally, Miss P is concerned that NextPay has discriminated against her because of the complaint she made. I appreciate it is unfortunate timing. However, I note it is the complaint itself which informed NextPay about the first account. I'm satisfied it seems it acted promptly and reasonably notified her of why it was suspending her transactions - it doesn't lend to consumers who have already had a defaulted account with it. From the information I've seen, I'm not satisfied Miss P has been treated differently to how NextPay would treat any of its consumers in a similar situation.*

*I'm mindful Miss P is concerned about the impact to her credit file. NextPay have already provided assurances that if Miss P pays at least the minimum repayment required, then there would be no adverse information recorded. As far as I'm aware, NextPay has only suspended transactions (and intends to close the account) and this is not something which in itself would negatively affect Miss P's credit file.*

*I note Miss P is concerned she is being forced into a repayment plan and that this would negatively affect her credit score. Where a consumer is struggling to make repayments, firms are expected to offer reasonable forbearance. This might include reduced repayments or a freeze of interest, and I'd expect a firm to provide such support for consumers.*

*However, it is usual and expected that repayment plans with reduced monthly repayments would adversely impact a consumer's credit file. This is because it demonstrates a consumer has struggled to manage existing credit, and it ensures any future lenders are able to consider the relevant circumstances before providing further credit. I'm not aware Miss P is currently in any repayment plan.*

*For these reasons, I'm not persuaded NextPay have done something wrong by providing the second credit account and it seems to have closed it in line with its terms and conditions. Also, it seems to have reasonably notified her of its intention to suspend transactions and close the account. I appreciate Miss P will be considerably disappointed by my decision. But even if I were to find NextPay did something wrong, I don't think there was any detriment to Miss P. She wanted the account at the time, the account was affordable, and interest and charges have been charged in line with the terms of the account. Therefore, I won't be asking NextPay to do anything to resolve this complaint.*

Both parties have provided comments in response to my provisional decision.

NextPay have confirmed it had nothing further to add.

Miss P didn't accept my provisional decision. She accepts she has had the benefit of the credit facility, but NextPay have benefited from her buying and paying for items. She said she would have gone elsewhere if she had not had the facility.

Miss P said the second account was mistakenly opened and this wasn't her fault. She doesn't understand why it would be fair on both parties if NextPay are benefiting from her using the account when the account should not have been opened in the first place. NextPay should not benefit from its own mistake. She said the account should not exist on her credit file even though she accepts she needs to pay the balance of the value of goods purchased.

Miss P also noted our Investigator had agreed that interest on the account should not be applied from the date NextPay closed the account.

As both parties have now responded, I've proceeded with my final decision on the matter.

### **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 reviewed matters, I see no reason to depart from the conclusion I reached in my provisional decision. This is for largely the same reasons as set out in my provisional decision and which is explained above. I won't repeat it in detail here. But I will draw out some key points to respond to some of the concerns Miss P has raised in response.

As previously set out, I don't think NextPay have done anything wrong in providing Miss P the credit it did. I accept it was against their own policy and I understand Miss P's position that it made a mistake which it should not benefit from. However, the lending decision seems to have been a reasonable one, she could afford the credit, and she applied for the facility. The first account only came to light when Miss P complained. I do appreciate this is unfortunate timing, but a significant period had passed since the first account closed and it wasn't unreasonable for NextPay to have provided her with the credit. I also don't think there has been any detriment to Miss P as a result of the second account opening.

I note Miss P's comments about NextPay benefiting from its own mistake. I've noted it has now closed the account and did so promptly after the first account became known to it. In any event, I'd only be able to direct NextPay to do something to resolve the complaint (such as suspend interest), if I thought NextPay had done something wrong and caused Miss P a loss. For the reasons outlined above, I'm not satisfied this is the case. It is now charging interest on the remaining balance in line with the terms of the account. This is reasonable as Miss P has used the credit and always expected to pay interest on it.

Additionally, this is a credit facility which has been used by Miss P. Therefore, it's appropriate for NextPay to provide information to credit reference agencies.

I appreciate Miss P will be considerably disappointed by my decision. However, I won't be asking NextPay to do anything differently to resolve the complaint.

I've also considered 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 NextPay lent irresponsibly to Miss P or otherwise treated her unfairly in relation to this matter. I haven't seen anything to suggest that Section 140A would, given the facts of the complaint, lead to a different outcome here.

### **My final decision**

For the reasons outlined above, I'm not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss P to accept or reject my decision before 25 July 2025.

Laura Dean  
**Ombudsman**