

## **The complaint**

Mrs A, through her representative, complains that Shop Direct Finance Company Limited trading as very (SDFC) lent to her by approving a credit limit for a shop account that she says she could not afford to repay.

## **What happened**

Mrs A was approved for a £600 credit limit on a SDFC running account credit account in October 2021. From July 2022 Mrs A had found it difficult to repay the minimum amounts and so a default was registered in May 2023. It was sold to a third party debt collection agency in June 2023.

Mrs A complained in November 2024 and SDFC responded with its final response giving reasons why it did not consider it had lent irresponsibly. The complaint was referred to us and one of our investigators did not think that SDFC needed to do more. Mrs A's unresolved complaint was passed to me 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.

Our approach to unaffordable/irresponsible lending - including all the relevant rules, guidance, and good industry practice - is set out on our website and I have followed it here.

SDFC is required to lend responsibly. It needed to conduct checks to make sure that the credit it was giving to Mrs A was affordable and sustainable. Such checks needed to be proportionate to things like the credit limit it offered Mrs A, how much she had to repay (including interest and charges) each month, her borrowing history with it (if applicable) and what SDFC knew about her circumstances.

I am not being asked, or expected, to stand in the shoes of the SDFC assessors when the agreement was approved and act as a lender: I am resolving a complaint about whether the approach taken by SDFC was reasonable and proportionate. And if so, did it make fair lending decisions based on the results of its checks; and if not, what better checks would most likely have shown.

The approach by SDFC is not just looking at the likelihood of the credit being repaid, but the impact of the repayments on Mrs A. There is no set list of checks that it had to do, but it could take into account several different things such as the amount of credit being applied for, the monthly repayments and the overall circumstances of the borrower.

The final response letter issued by SDFC and the investigator's view both have been shared with Mrs A and her representative and a copy of the view has been sent to SDFC. I do not set out again what is in those letters and emails. I have reviewed them and cross-checked those details with the information supplied by SDFC as to the checks it carried out for Mrs A before approving the credit account.

I have reverted to the specific wording and detail in the Financial Conduct Authority's (FCA's) Consumer Credit Sourcebook (CONC) Chapter 5 on responsible lending to assist

me in relation to Mrs A's complaint. I do not set out all the FCA wording here as her representative likely is familiar with that CONC chapter and I refer them to it for the detail.

When considering whether creditworthiness assessments were reasonable which is what the FCA require it to be, there are a number of considerations to guide SDFC that the checks were proportionate: CONC 5.2A.20R. It was not expected that there was a full financial review of every aspect of Mrs A's circumstances for each application.

Proportionality can be seen as doing reasonable checks within the full context of the credit application, what it was for and other details. I can't improve on some of the wording in the guide paragraph CONC 5.2A.21:

*Certain factors may point towards a more rigorous assessment and others towards a less rigorous one in which case the firm should weigh up the factors before deciding what type of creditworthiness assessment is required.*

Here, Mrs A was applying for a credit account of £600 to use for on-line shops and this was not a high credit limit. Mrs A had informed SDFC she earned £23,000 a year before tax and worked full time. She was living in rented accommodation.

SDFC had done the checks surrounding her credit accounts. I have reviewed those results. I am aware that Mrs A's representative has sent us a different set of results and has submitted that had SDFC seen those details it may not have lent. But SDFC did a credit search and it's a reasonable outcome for it to have relied on them. I have reviewed those results and they reveal nothing that would have alerted SDFC to feel that additional checks were required. The fact that Mrs A's representative says it ought to have seen a different credit account list does not persuade me to think that SDFC did anything wrong.

SDFC carried out proportionate checks and approved the credit responsibly. I do not uphold the complaint.

I've also considered whether SDFC acted unfairly or unreasonably in any other way and I have 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 it lent irresponsibly to Mrs A 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 this complaint, lead to a different outcome here.

### **My final decision**

My final decision is I do not uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs A to accept or reject my decision before 17 November 2025.

Rachael Williams  
**Ombudsman**