

The complaint

Miss M, who is represented by a third party, complains that Shop Direct Finance Company Limited ("Shop Direct"), trading as Very, irresponsibly gave her a running account credit facility she couldn't afford.

What happened

In November 2022 Miss M was granted a credit account with a credit limit of £400. The credit limit was not increased during the life of the account.

The account started going into arrears in October 2023 and was sold on to an external debt collection agency in November 2023.

Miss M complained to Shop Direct to say that the account shouldn't have been opened for her because it wasn't affordable from the outset.

Our investigator didn't recommend the complaint be upheld. Miss M didn't agree. So, the complaint has been 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.

We've explained how we handle complaints about unaffordable and irresponsible lending on our website. And I've used this approach to help me decide Miss M's complaint.

Miss M's complaint is that Shop Direct made credit available that was unaffordable for her. Shop Direct has explained that it carried out a credit check using a credit reference agency to determine the amount of credit it was able to offer.

Miss M's income at this time was around £14,000. The evidence gathered by Shop Direct showed she had other credit commitments that totalled around £1,600. From what Shop Direct could see, with the exception of two missed payments from around 22 months earlier, the overall picture was that Miss M's financial situation was generally under control. And given that the credit limit was reasonably modest, the maximum monthly payments for that credit would have been relatively modest too.

I've seen from her credit file that Miss M was taking out some other credit at around the same time as she applied for her Very account. That's not something that Shop Direct would necessarily have been likely to know about, unless she told them about it. And if it had known, I don't think the size of the credit limit ought to have prompted Shop Direct to find out more. But having carefully reviewed this file, I haven't seen anything that persuades me that Shop Direct would or should have seen more about her financial circumstances when she applied for this account than it did or needed to.

So, having considered all the evidence and information for this complaint, I don't think there's enough to show or suggest that Shop Direct ought to have thought it unreasonable to grant Miss M this credit. In other words, I think it made a fair lending decision.

I've considered whether the relationship between Miss M and Shop Direct 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 Shop Direct lent irresponsibly to her or otherwise treated her 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

For the reasons given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 5 November 2025.

Michael Goldberg
Ombudsman