

Complaint

Mr S has complained about a credit card Marks & Spencer Financial Services Plc (trading as “M&S Bank”) provided to him. He says that he shouldn’t have been given the credit card and that it was irresponsibly provided to him.

Background

In August 2021, M&S Bank provided Mr S with a credit card which had a limit of £1,000.00. Mr S wasn’t provided with any credit limit increases.

One of our investigators reviewed what Mr S and M&S Bank had told us. And she thought M&S Bank hadn’t done anything wrong or treated Mr S unfairly in relation to providing the credit card.

So she didn’t recommend that Mr S’ complaint be upheld. Mr S disagreed and asked for an ombudsman to look at the complaint.

My findings

I’ve considered all the available evidence and arguments to decide what’s fair and reasonable in the circumstances of this complaint.

Having carefully considered everything, I’ve decided not to uphold Mr S’ complaint. I’ll explain why in a little more detail.

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 Mr S’ complaint.

M&S Bank needed to make sure it didn’t lend irresponsibly. In practice, what this means is M&S Bank needed to carry out proportionate checks to be able to understand whether Mr S could afford to repay any credit it provided.

Our website sets out what we typically think about when deciding whether a lender’s checks were proportionate. Generally, we don’t think that it is necessarily unreasonable for a lender’s checks to be less detailed – in terms of how much information it gathers and what it does to verify it – in the early stages of a lending relationship.

But we might think it needed to do more if, for example, a borrower’s income was low or the amount lent was high. And the longer the lending relationship goes on, the greater the risk of it becoming unsustainable and the borrower experiencing financial difficulty. So we’d expect a lender to be able to show that it didn’t continue to lend to a customer irresponsibly.

M&S Bank says it agreed to Mr S’ application after it obtained information on his income and carried out a credit search. And the information obtained indicated that Mr S would be able to make the monthly repayment required to clear the balance that could be owed within a reasonable period of time. On the other hand, Mr S says that he shouldn’t have been lent to under any circumstances.

I've considered what the parties have said.

What's important to note is that Mr S was provided with a revolving credit facility rather than a loan. And this means that M&S Bank was required to understand whether a credit limit of £1,000.00 could be repaid within a reasonable period of time, rather than in one go. A credit limit of £1,000.00 didn't require especially large monthly payments in order to clear the full amount that could be owed within a reasonable period of time.

I've seen the information M&S Bank obtained from Mr S about his income and what was on the credit search carried out. M&S Bank says that Mr S declared that he was retired and in receipt of £18,500.00 a year. M&S Bank's credit search also appears to show that Mr S didn't have any significant adverse information recorded against him at the time either. For example, I can't see any defaulted accounts or county court judgments recorded.

I accept that Mr S appears to be suggesting that her actual circumstances may not have been fully reflected either in the information he provided, or the information Aqua obtained. I know that Mr S has said that she struggled to make her repayments.

Mr S has referred to what she considers to be indicators of the fact that he was struggling to manage credit. However, Mr S is relying on a copy of his full credit report when making these arguments. Lenders do not obtain a copy of a customer's full credit report when determining whether to lend to a customer.

Typically, a lender will obtain a snapshot of what the customer owed, whether there was any significant adverse information – such as defaulted accounts or county court judgments - recorded against them and whether the customer is up to date with their payments on any active accounts at the time of the application. M&S did that here. Equally, I don't consider it fair and reasonable to expect it to have included information it couldn't have known about when making its lending decision.

Nonetheless, even if I were to accept that M&S Bank ought to have known about the limited amount of cash withdrawals Mr S had made. A consumer making cash withdrawals on a credit card can sometimes indicate financial difficulty because of the extra interest and charges the customer will pay. That said, I have to weigh up the limited number of cash withdrawals against the fact that Mr S' M&S credit card had a 0% interest rate for balance transfers.

So Mr S had the option of transferring his existing credit card debt, to a much lower interest rate, on to this account. Indeed, I think that Mr S might well have been applying for this card in order to transfer existing balances on to this account at 0% interest. Given the full amount of Mr S' payments will only have gone towards reducing what he owed and his credit limit would have allowed him to transfer all of his credit card balances, I think that M&S was reasonably entitled to conclude that this credit card would improve his financial position.

For the sake of completeness, I would also add that it's also not even immediately apparent to me that even more checks, which at the absolute maximum would have consisted of finding out more about Mr S' living expenses rather than relying on estimates of this, would, in any event, have led to M&S Bank making a different decision.

I say this because I've not seen anything which clearly demonstrates that Mr S' monthly committed living costs were substantially higher than the combination of declared information and statistical data which M&S Bank used. Equally, there is nothing else that has been provided to me which shows me that had M&S Bank obtained these actual living costs,

it would more likely than not have learned that the monthly payments that could be due on this card were more likely than not unaffordable.

In reaching my conclusions, I've also considered whether the lending relationship between M&S Bank and Mr S might have been unfair to Mr S under s140A of the Consumer Credit Act 1974 ("CCA").

However, for the reasons I've explained, I've not been persuaded that M&S Bank irresponsibly lent to Mr S or otherwise treated him unfairly in relation to this matter. And I haven't seen anything to suggest that s140A CCA or anything else would, given the facts of this complaint, lead to a different outcome here.

So overall and having considered everything I don't think that M&S Bank treated Mr S unfairly or unreasonably in approving his credit card application. In my view, M&S Bank did enough to establish that the monthly payments to the credit card were affordable. And, in any event, even if it had done more here, which for the reasons I've explained I don't think was necessary, I don't think that would have made a difference to its decision to lend. I'm therefore not upholding this complaint.

I appreciate this will be very disappointing for Mr S. But I hope he'll understand the reasons for my decision and that he'll at least feel his concerns have been listened to.

My final decision

For the reasons I've explained, I'm not upholding Mr S' complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 25 August 2025.

Jeshen Narayanan
Ombudsman