

The complaint

Mr N complains J D Williams & Company Limited (JDW) trading as Fashion World irresponsibly agreed to a revolving credit facility he said he couldn't afford.

In bringing his complaint Mr N is represented by a third party. For ease of reading I will only refer to Mr N in my decision.

What happened

In July 2019 Mr N applied for a revolving credit facility with JDW. His application was successful and a credit limit of £125 was applied. Mr N said he struggled to sustain his repayments only making one payment in December 2019. And his account was sold by JDW for debt collection. Mr N complained to JDW saying they hadn't properly checked whether he could afford the credit facility.

JDW said they used Mr N's application and credit reference agency (CRA) data in their affordability assessment. They said the CRA check showed Mr N had previous financial struggles as he'd two defaulted accounts, one within the preceding four months prior to his application being approved. But they'd considered other evidence that showed Mr N was now managing his finances, and they'd taken account of his credit history by only applying a low credit limit. They said based on these checks they'd made a fair lending decision.

Mr N wasn't happy with JDW's response and referred his complaint to us.

Our investigator asked Mr N to provide further evidence in support of his complaint, but this hasn't been provided. And based on the limited information available couldn't say JDW had done anything wrong.

Mr N disagreed and said the evidence of a default should have been sufficient to show JDW had acted unfairly. He asked for an ombudsman 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.

I appreciate that this will be a disappointment for Mr N. But having done so I'm not upholding this complaint. I'll explain why.

I've considered the relevant rules and guidance on responsible lending set by the regulator, laid out in the consumer credit handbook (CONC). This says JDW needed to take reasonable steps to ensure that they didn't lend irresponsibly. In practice this means they should have carried out proportionate checks to make sure Mr N could afford to repay what he was being lent in a sustainable manner.

These checks could take into account several different things, such as how much was being lent, the repayment amounts and the consumer's income and expenditure. But it's important to note Mr N was being provided with a revolving credit facility rather than a loan. This

means there isn't a fixed weekly/monthly amount but rather the minimum payments required would be based on the monthly transactions and any outstanding balance.

JDW was approving a credit limit of £125. While revolving credit hasn't a set amount that needed to be repaid each month CONC requires a firm to assume when carrying out their assessment that the entire credit limit is drawn down at the earliest opportunity and repaid in equal instalments over a reasonable period. So, I think JDW could have reasonably assumed Mr N would need to pay a relatively low amount of around £5 each month.

There's no set list of the checks a lender needs to undertake. JDW has provided the information they gathered at the time of the account opening. They said they used application and CRA data. This showed Mr N had two active accounts, there wasn't any evidence of a county court judgment, but they noted Mr N had two defaults registered on his credit history, one which was registered four months prior to Mr N's application.

It may help to explain here that, while information like a default on someone's credit file may often mean they're not granted further credit – it doesn't automatically mean that a lender won't offer borrowing. Here, JDW said they considered the information that Mr N had on his credit file. They said Mr N had showed recent positive management of his active accounts with these being up to date for the preceding six months. It also showed Mr N had settled one of his accounts prior to the new lending. And so, they made the decision to lend to Mr N but with a low credit limit with further credit limits to be considered upon review of how Mr N managed his account (no subsequent credit limit increases were applied.)

Whilst this did show previous financial vulnerability and a historically poor credit history shouldn't preclude a consumer from being able to obtain further credit to help improve their credit history. And JDW made their decision based on the evidence that Mr N wasn't struggling with his current active accounts, and by applying a low credit limit which, in the circumstances, I think was reasonable.

So, I'm satisfied JDW's checks were proportionate and reasonable for the type and amount of credit they were providing. And I don't think that there was anything immediately obvious in the information that JDW had which meant they shouldn't rely on it. So, I don't think JDW needed to have asked Mr N to provide further evidence in support of his application before providing him with a £125 credit limit, as anything further would have been disproportionate to the relatively low credit limit being approved.

I note the comments made by Mr N about his financial circumstances including the default but to date he hasn't provided any further evidence for me to consider. And as outlined above a default shouldn't automatically mean a consumer is declined credit.

I understand Mr N will be disappointed by my decision, but I hope he can be reassured that his concerns have been listened to. But for me to reach a different outcome I'd have to find JDW has done something wrong, and for this complaint I don't think they have. So, I can't say JDW acted unfairly by agreeing to lend to Mr N.

I've also considered whether JDW acted unfairly or unreasonably in some other way given what Mr N has complained about, including whether their relationship with him might have been unfair under Section 140A Consumer Credit Act 1974. But for the reasons I've already given I don't think JDW lent irresponsibly or otherwise treated Mr N unfairly. I haven't seen anything to suggest s140A or anything else would, given the facts of this complaint, lead to a different outcome here.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 19 November 2025.

Anne Scarr
Ombudsman