

## **The complaint**

Miss H complains Jaja Finance Ltd trading as ASDA money (Jaja) failed to carry out sufficient financial checks before it approved a credit card account for her.

## **What happened**

Miss H says Jaja approved a credit card facility for her in August 2022 with a credit limit of £500, although at that time she had a history of excess limits and defaulted accounts. Miss H says Jaja failed to carry out appropriate financial checks at the time she applied for the credit card account and if it had, it would have seen the borrowing was unaffordable.

Miss H wants Jaja to refund all interest and charges on the account along with 8% simple interest, and to remove any adverse information on her credit file relating to that credit card account.

Jaja says at the time Miss H applied for the credit card account, it carried out appropriate affordability testing. Jaja says it relied upon information that Miss H declared in her application and conducted a thorough check of her credit file via credit reference agencies (CRA's) and an income verification check via the Office of National Statistics (ONS).

Jaja says Miss H declared an income of around £25,000 per annum and it calculated she earned £1,730 net per month and after all essential expenditure she was left with a net disposable income (NDI) of £780 per month. Jaja says the checks it carried out showed there were no arrears, repayment plans, CCJ's or IVA's and although a default was registered, this was around 40 months old.

Jaja says it is satisfied it carried out the correct lending protocols.

Miss H wasn't happy with Jaja's response and referred the matter to this service.

The investigator looked at all the available information but didn't uphold the complaint. The investigator pointed out there are no set list of checks lenders like Jaja must carry out, but these should be borrower focused taking into account the amount, type, cost and term of any borrowing.

The investigator says Jaja carried out background credit checks and performed an affordability assessment based on data from CRA's and Miss H's application. The investigator says this showed there were no payday loans, repayment plans, CCJ's, IVA's and while there was a default recorded, this was around 40 months old. The investigator says the information he had seen showed Miss H had a strong NDI and the credit limit Jaja provided was modest. The investigator felt Jaja had carried out reasonable and proportionate checks before it approved the credit card account and its decision to lend was fair.

Miss H didn't agree with the investigator's view and asked for the matter to be referred to an ombudsman for a final decision.

## **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 done so, I won't be upholding this complaint and I will explain how I have come to my decision.

When looking at this complaint I will consider if Jaja carried out reasonable and proportionate financial checks before it approved the credit card account for Miss H in August 2022.

Miss H's complaint centres around the fact Jaja failed to conduct sufficient financial checks before it approved a credit card account for her in August 2022 with a limit of £500. Miss H says if it had, Jaja would have seen the borrowing was unsustainable given her previous credit history.

While I understand the points Miss H makes here, I'm not fully persuaded by her argument and I will go on to explain why.

It's worth mentioning here that Jaja have informed this service it is a near prime lender, meaning it provides credit to consumers with perhaps a less than perfect credit background.

As explained by the investigator, there are no set list of checks lenders like Jaja must undertake before it provides credit facilities to its customers, but these should be borrower focused taking into account the amount, type, term and cost of any such borrowing. It's also not for me to tell Jaja what checks it must carry out or from what source those checks must come from.

Here from the information I have seen, before Jaja approved the credit card account for Miss H it carried out a credit check via CRA's and also relied upon information from the ONS, and the declared information contained within Miss H's application.

I can see this showed there were no arrears, payment plans, CCJ's or IVA's and although defaults were registered, these were around 40 months old and therefore would be considered historic. It's fair to say for a lender like Jaja a historic default wouldn't be the sole reason for it not to lend.

I can see Jaja carried out its own affordability modelling using information declared in Miss H's application which it verified via ONS data, and that showed Miss H had a healthy NDI of around £780 per month.

Given this was after all a modest credit facility of £500, I wouldn't expect Jaja to necessarily undertake the same level of intensive due diligence one might expect to see for say a larger committed long term loan. So, I'm satisfied from the affordability modelling Jaja carried out, based on internal and external data sources, that was sufficient for it to conclude the new lending was affordable.

So taking everything into account here, I'm satisfied Jaja carried out reasonable and proportionate financial checks before it approved the credit card account for Miss H and its decision to lend was fair based on the affordability assessment it had carried out, for the reasons I have already explained.

I've also considered whether Jaja acted unfairly or unreasonably in some other way given what Miss H has complained about, including whether its relationship with her might have

been unfair under s.140A Consumer Credit Act 1974. However, for the same reasons I have set out above, I've not seen anything that makes me think this was likely to have been the case.

While Miss H will be disappointed with my decision, I won't be asking anymore of Jaja.

### **My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 16 September 2025.

Barry White  
**Ombudsman**