DRN-5680386

Complaint

Mrs E has complained about a credit card Jaja Finance Ltd (trading as “Asda Money” Credit Card) provided to her. She says the credit card was irresponsibly provided as it was unaffordable for her.

Background

Asda Money provided Mrs E with a credit card with a limit of £500 in January 2023. The limit on the credit card was never increased.

One of our investigators reviewed what Mrs E and Asda Money had told us. And she thought Asda Money hadn’t done anything wrong or treated Mrs E unfairly in relation to providing the credit card. So she didn’t recommend that Mrs E’s complaint be upheld.

Mrs E 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.

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 Mrs E’s complaint.

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

Asda Money needed to make sure it didn’t lend irresponsibly. In practice, what this means is Asda Money needed to carry out proportionate checks to be able to understand whether Mrs E 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 think it’s reasonable for a lender’s checks to be less thorough – 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.

Asda Money says it initially agreed to Mrs E’s application after it obtained information on her income and also carried out a credit search on her. And the information obtained indicated that Mrs E would be able to make the low monthly repayments due for this credit card. On the other hand, Mrs E says that she shouldn’t have been lent to as she was in a poor financial position.

I've considered what the parties have said.

What's important to note is that Mrs E was provided with a revolving credit facility rather than a loan. This means that Asda Money was required to understand whether a credit limit of £500 could be repaid within a reasonable period of time, rather than all in one go. And a credit limit of £500 required relatively low monthly payments in order to clear the full amount owed within a reasonable period of time.

I've seen records of the information Asda Money obtained from Mrs E about her income and what was on the credit search carried out. Asda Money says that Mrs E declared an annual salary of £22,000.00. Asda Money's credit check did indicate that Mrs E had had previous difficulties with credit in the form of a defaulted account. However, this appeared to be historic as this took place approaching four years prior to this application. The credit search also showed that Mrs E had a low amount of active credit at the time.

In these circumstances, I don't think that Mrs E's previous difficulties mean that she shouldn't have been lent to in the way that she suggests. Ultimately, it was up to Asda Money to decide whether it wished to accept the credit risk of taking on Mrs E as a customer provided it was reasonably entitled to believe that the credit was affordable and it reasonably mitigated the risk of harm to her going forward. I'm satisfied that Asda Money did mitigate this risk by providing Mrs E with a low credit limit to begin with.

I accept that Mrs E appears to be suggesting that her actual circumstances may not have been fully reflected either in the information he provided, or the information Asda Money obtained.

Mrs E has referred to what she considers to be indicators of the fact that she was struggling to manage credit. She has said that she had late payments on her existing revolving credit commitments. I'm sorry to hear to hear about Mrs E's difficulties. However, Mrs E is relying on a copy of her 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. Asda Money 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.

Furthermore, there was nothing on Asda Money's credit check to indicate that Mrs E was in arrears on her active and existing revolving credit accounts in the lead up to this application. As this is the case, Asda Money doesn't appear to have been aware of this and I cannot reasonably say that this is something that it ought to have factored into its assessment.

In reaching my conclusions, I've also considered whether the lending relationship between Asda Money and Mrs E might have been unfair to Mrs E under section 140A of the Consumer Credit Act 1974 ("CCA").

However, for the reasons I've explained, I've not been persuaded that Asda Money irresponsibly lent to Mrs E or otherwise treated her unfairly in relation to this matter. And I haven't seen anything to suggest that section 140A CCA or anything else would, given the facts of this complaint, lead to a different outcome here.

Overall and having considered everything, while I can understand Mrs E's sentiments and I'm sorry to hear about her situation, I'm satisfied that Asda Money carried out proportionate checks before providing this credit card to Mrs E. So I don't think that Asda Money treated Mrs E unfairly or unreasonably and I'm not upholding this complaint. I appreciate this will be very disappointing for Mrs E. But I hope she'll understand the reasons for my decision and that she'll at least feel her concerns have been listened to.

My final decision

For the reasons I've explained, I'm not upholding Mrs E's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs E to accept or reject my decision before 2 October 2025.

Jeshen Narayanan
Ombudsman