

The complaint

Mrs O complains that Shop Direct Finance Company Limited, trading as very, lent to her irresponsibly when they provided her with a running credit account.

What happened

In December 2021, Mrs O was provided with a credit account by Shop Direct with an initial credit limit of £600. There were no further credit limit increases.

In May 2025, Mrs O complained. In summary, she said Shop Direct had irresponsibly lent to her and that sufficient checks – to ensure her affordability status – hadn't been undertaken.

Shop Direct didn't uphold the complaint. They said, in summary, that they had carried out checks proportionate to the amount being lent; those checks hadn't revealed any concerns, and on that basis, the credit account had been provided. So, they were satisfied they had lent responsibly.

Mrs O disagreed; she still thought that Shop Direct were wrong to have lent to her. So, she referred her complaint to this Service for independent review.

An Investigator here considered what had happened; having done so, he didn't think Shop Direct had done anything wrong. In short, the Investigator said:

- The checks carried out by Shop Direct were proportionate in the circumstances.
- The information gathered as a result of those checks wouldn't have given Shop Direct any cause for concern. And there was nothing that would have suggested to Shop Direct that Mrs O was struggling financially and/or wouldn't be able to afford the repayments towards this account.
- Any financial struggles, which did materialise for Mrs O later, wouldn't have been apparent to Shop Direct at the time they provided Mrs O with the account.
- Overall, with that in mind, Shop Direct hadn't acted unfairly or unreasonably in giving Mrs O this running credit account.

Mrs O disagreed; she maintained that she'd been irresponsibly lent to by Shop Direct.

So, as no agreement has been reached, Mrs O's complaint has now 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.

Having done so, while this will no doubt disappoint Mrs O, I agree with the findings of our Investigator for broadly the same reasons. I'll explain why.

The rules and regulations in place at the time Mrs O was provided with the credit, required Shop Direct to carry out a reasonable and proportionate assessment. That's to determine whether she could afford to repay what she owed in a sustainable manner. This practice is sometimes referred to as an 'affordability assessment' or 'affordability check'.

The checks had to be borrower focussed; that is, relevant to Mrs O. So, Shop Direct had to think about whether repaying the credit sustainably would cause her difficulties, or other adverse consequences. In other words, Shop Direct had to consider the impact of any repayments on Mrs O.

Checks also had to be 'proportionate' to the specific circumstances of the lending. In general, what constitutes a proportionate affordability check will be dependent on a number of factors including – but not limited to – the particular circumstances of the consumer (e.g: their financial history, current situation and outlook, any indications of vulnerability or financial difficulty) and the amount/type/cost of credit they were seeking. I've kept all of this in mind when thinking about whether Shop Direct did what they needed to before agreeing to lend to Mrs O.

Here, before agreeing to lend, Shop Direct checked data recorded with Credit Reference Agencies ("CRAs"); and they relied upon information provided by Mrs O in her application. I've been provided the results of Shop Direct's checks and, in my view, the data they gathered didn't suggest that there was any real cause for concern.

Rather, information obtained from CRAs didn't show any recent defaults or County Court Judgments ("CCJs"); nor was Mrs O subject to an Individual Voluntary Arrangement ("IVA").

Shop Direct recorded Mrs O's declared annual income at £37,000. And from the credit check they completed, they noted that Mrs O had just under £4,500 in unsecured credit commitments, around £2,000 of which was in fixed term loans, and she had limited credit limits available to spend on. That credit she did have had been paid on time, and there was no evidence of Mrs O experiencing any recent arrears or payment difficulties.

Based on the information they obtained, Shop Direct concluded that it was likely that the credit limit of £600, given the above, would have been affordable for Mrs O, and there was nothing else to suggest to Shop Direct that Mrs O wouldn't be able to sustainably repay the credit provided here.

Keeping in mind the monthly repayments required to clear the balance of the account (if Mrs O utilised the full credit limit); and, given that the CRA data hadn't raised any immediate concerns; I think the checks undertaken by Shop Direct before lending to Mrs O were proportionate, and the information they gathered suggested that a credit limit of £600 was likely to be affordable for her. So, I wouldn't have expected Shop Direct to do any further checks or verification in these circumstances, particularly given the level of borrowing.

I appreciate that Mrs O has argued that she took out various other items of credit at the time, and that this account was not affordable for her. But it's important to note, that I wouldn't have expected Shop Direct to carry out a full review of Mrs O's circumstances, given the credit limit they were providing, and the information they had already gathered through their checks. And in these circumstances, I'm satisfied they were entitled to rely upon the data they gathered as a result of their proportionate checks.

So, while I appreciate there is some disparity between what Mrs O has told us her financial position was at the time of the lending, and the information Shop Direct obtained, I've seen nothing to suggest that Shop Direct's checks needed to go further based on the credit information they saw.

I am sorry to disappoint Mrs O; I know this won't be the outcome that she's hoping for, and I certainly don't mean to downplay the impact she's said this matter has had on her. But it's for the reasons I've explained that I don't think Shop Direct acted unfairly or unreasonably when they provided her with a running credit account with a £600 limit. So, it follows that I'm not upholding this complaint.

Separately, whilst I'm not upholding the complaint, I do want to remind Shop Direct of their obligations to exercise forbearance moving forward. I would certainly encourage Mrs O to keep in regular contact with Shop Direct about any difficulties she's now facing in maintaining any outstanding repayments that may be owed.

Finally, I've also considered whether the relationship might have been unfair under Section 140A (S140A) of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think Shop Direct lent irresponsibly to Mrs O or otherwise treated her unfairly in relation to this matter. I haven't seen anything to suggest that S140A would, given the facts of this complaint, lead to a different outcome here.

My final decision

My final decision is that I do not uphold Mrs O's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs O to accept or reject my decision before 30 September 2025.

Brad McIlquham
Ombudsman