

The complaint

J D Williams and Company Limited trading as J D Williams ("J D Williams") provided Mrs M with a store card in August 2019. It had an initial credit limit of £850 which increased incrementally until it reached £3,000 by February 2023. Mrs M says the credit was provided irresponsibly.

For ease of reference, I will refer to Mrs M when referring to her or her representative.

What happened

The details of this complaint are well-known to both parties, so I won't repeat them again here. The facts aren't in dispute, so I'll focus on giving the reasons for my 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 can confirm that I've reached the same conclusion as our investigator and for broadly the same reason. I'll explain my reasoning below.

I'm aware that I've summarised this complaint above in less detail than it may merit. No discourtesy is intended by this. Instead, I've focussed on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome. I will, however, refer to those crucial aspects which impact my decision.

Lastly, I would add that where the information I've got is incomplete, unclear or contradictory, I've to base my decision on the balance of probabilities.

We've set out our general approach to complaints about unaffordable or irresponsible lending on our website and I've taken this into account in deciding Mrs M's case.

I've decided the credit wasn't provided fairly because:

- I don't think the checks J D Williams did before increasing the credit limit to £1,200 in December 2019 were reasonable and proportionate given the credit limit it offered and what it knew about Mrs M's financial situation.
- If J D Williams had done proportionate checks, I think it's likely these would have shown it was unfair to provide this increase to Mrs M. I say this as after Mrs M provided a copy of her credit report to us, I can see by the time of this increase she had a considerable amount of outstanding credit debt which had increased since the

initial lending decision.

- I think J D Williams should have requested a full income and expenditure disclosure from Mrs M given the size of the increase and had it done so, it would have seen that she was left with a disposable income which would have meant this further credit increase was likely to be unsustainable.
- Based on the information Mrs M provided about her circumstances at the time, I think it should have realised Mrs M was likely to be unable to sustainably repay what she was being lent.

This means I don't think J D Williams should have provided the increase in credit to Mrs M in December 2019.

I've also considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However, I'm satisfied the redress I'm awarding in this case, as set out below, results in fair compensation for Mrs M in the circumstances of this complaint. I'm therefore satisfied, based on what I've seen, that no additional award would be appropriate in this case.

Putting things right

J D Williams should:

- Rework the account removing all interest, fees, charges and insurances (not already refunded) that have been applied to balances above £850 after 21 December 2019.
- If the rework results in a credit balance, this should be refunded to Mrs M along with 8% simple interest per year* calculated from the date of each overpayment to the date of settlement. J D Williams should also remove all adverse information recorded after 21 December 2019 regarding this account from Mrs M's credit file.
- Or, if after the rework the outstanding balance still exceeds £850, J D Williams should arrange an affordable repayment plan with Mrs M for the remaining amount. Once Mrs M has cleared the outstanding balance, any adverse information recorded after 21 December 2019 in relation to the account should be removed from their credit file.

*HM Revenue & Customs requires J D Williams to deduct tax from any award of interest. It must give Mrs M a certificate showing how much tax has been taken off if she asks for one. If it intends to apply the refund to reduce an outstanding balance, it must do so after deducting the tax.

My final decision

My final decision is that I'm upholding this complaint and J D Williams and Company Limited trading as J D Williams must put things as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 31 December 2025.

Paul Hamber
Ombudsman