

Complaint

Miss M has complained about a credit card Tymit Ltd ("Tymit") provided to her. She says she shouldn't have been provided with a credit card or a limit increase.

Background

Tymit provided Miss M with a credit card with an initial limit of £3,300.00 in September 2022. The credit limit was increased to £5,250.00 in May 2023.

One of our investigators reviewed what Miss M and Tymit had told us. And she thought Tymit hadn't done anything wrong or treated Miss M unfairly in relation to providing the credit card or increasing the credit limit. So she didn't recommend that Miss M's complaint be upheld.

Miss M disagreed and asked for an ombudsman to look at her 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.

Before I go on to set out my conclusions on this matter, I want to say that I can see that it's clear Miss M feels very strongly about her complaint. So I think it might help for me to set out that while I may have not commented on each and every point that she's made, I have read and considered everything she's said.

However, I've focused on the key things that have led to me reaching, what in my view is, a fair and reasonable decision. For the sake of completeness, I'd add that the rules of this service permit me to do this as it reflects the nature of our service which was set up to be an informal alternative to the courts.

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 Miss M's complaint.

Tymit needed to make sure it didn't lend irresponsibly. In practice, what this means is Tymit needed to carry out proportionate checks to be able to understand whether Miss M 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.

Tymit says it initially agreed to Miss M's initial application for a credit card after it obtained information on her income and carried out a credit search. And the information obtained indicated that Miss M would be able to make the monthly repayments due on a credit limit of £3,300.00. Tymit says that Miss M was then offered a credit limit increase to £5,250.00 in May 2023 as the information it had suggested that Miss M could afford the increased payments that would be required had the extra credit been used.

On the other hand, Miss M says that she shouldn't have been lent to or had her credit limit increased.

I've considered what the parties have said.

What's important to note is that Miss M was provided with a revolving credit facility rather than a loan. And this means that to start with Tymit was required to understand whether a credit limit of £3,300.00 could be repaid within a reasonable period of time, rather than all in one go. A credit limit of £3,300.00 required reasonable sized monthly payments, rather than the whole amount to be paid in one go, in order to clear the full amount owed within a reasonable period of time.

From the information provided, it looks like Miss M declared that she was employed and earning £40,000.00 a year. I've not been provided with a breakdown of the credit checks that Tymit carried out. Nonetheless, I've not seen anything to indicate that Miss M had any significant adverse information such as defaulted accounts or county court judgments recorded against her at this stage. For the credit limit increase, it appears as though Tymit relied on Miss M's account having been managed well in the months since her account had been opened.

Given the amount of the monthly payments as well as what Tymit ought to have been aware of, I do think that it would have been reasonable and proportionate for Tymit to find out a bit more about Miss M's regular living costs before offering the credit card or the limit increase.

As I've not been persuaded that Tymit carried out sufficient checks before providing the credit card or offering the limit increase, I've gone on to decide what I think it is more likely than not to have seen had it obtained further information from Miss M. In order to do so, I've looked at the information Miss M has provided with a view to recreating what a proportionate check is likely to have shown.

To be clear, I've not carried out a forensic analysis of Miss M's bank statements and all of the information she's provided in order to determine whether the credit card payments that could be due, if Miss M used all of the credit provided, was affordable for her. After all, Tymit wasn't required to obtain bank statements from Miss M at all let alone obtain statements for multiple accounts in the way that Miss M's analysis is based on. I've simply considered what Tymit is likely to have done if it had taken reasonable steps to obtain the information that I think was missing from its checks.

As I've explained, bearing in mind the circumstances here, I would have expected Tymit to have supplemented what it would have found out about Miss M's existing credit commitments, from the credit searches it carried out, with information about Miss M's actual regular living expenses.

Having considered the information Miss M has provided, I'm satisfied that it shows that Tymit finding out more about Miss M's actual regular living expenses is unlikely to have seen it reach a different lending decision either in initially providing the credit card, or the limit increase. I say this because it looks like when Miss M's regular and committed living

expenses at the time are added to her credit commitments and then deducted from the income she led Tymit to believe she had, she did have sufficient funds left over in order to make sustainable repayments to credit card and the credit limit increase.

I fully accept it's possible that Miss M's position might have been worse than what it looks like from the information I've been provided with, or that it worsened after Miss M was provided with the credit card and limit increase. For example, Miss M has said that she had been in receipt of pension drawdowns and this had the effect of making it look like her income was higher than it was. But Tymit wouldn't have known this especially as I've already explained that it wasn't required to and didn't need to obtain bank statements from Miss M.

For the sake of completeness, I've also considered what Miss M has said about already being at a high level of her existing credit limit when she offered the limit increase. However, by Miss M's own numbers her balance was at around two thirds of her existing limit when the increase was offered. I don't think that this would generally be considered a high level, or in itself means that the limit increase shouldn't have been offered. So this isn't a case where Miss B immediately utilised all of the credit available to her, prior to the limit increase.

I also need to consider all of this in the context that Miss B didn't have any other adverse information recorded against her over this time. This suggests that Miss B was reasonably managing the credit she had already been provided with. And in these circumstances, I don't think that Miss B's use of the card in itself means that she shouldn't have been offered the limit increase either.

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

However, for the reasons I've explained, I've not been persuaded that Tymit irresponsibly lent to Miss M 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.

So overall while I'm sorry to hear that Miss M found making her credit card payments a struggle, I don't think that Tymit treated Miss M unfairly or unreasonably when providing her with her credit card or subsequently increasing her credit limit. And I'm not upholding Miss M's complaint. I appreciate this will be very disappointing for Miss M. But I hope she'll understand the reasons for my decision and that she'll at least feel her concerns have been listened to.

Although I'm not upholding Miss M's complaint, I would remind Tymit of its continuing obligation to exercise forbearance and due consideration, given Miss M has said about having difficulty making her payments.

I would also encourage Miss M to get in contact with and co-operate with any steps that may be needed to review what she might, if anything, be able to repay going forward. Miss M may be able to complain to us – subject to any jurisdiction concerns – should she be unhappy with Tymit's actions in relation to exercising forbearance over the balance owed.

My final decision

For the reasons I've explained, I'm not upholding Miss M's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 1 September 2025.

Jeshen Narayanan
Ombudsman