

The complaint

Mr B complains JAJA FINANCE LTD (“JAJA”) was irresponsible in its lending to him.

What happened

Mr B applied for a credit card with JAJA on 31 July 2023. It approved his application with a credit limit of £1200. No payments were made to the account between October 2023 and March 2024. A request for payment and default notice was sent to Mr B on 8 March 2024. No payment was received and the account defaulted on 8 April 2024. Continuous payments were made to the account from July 2024 onwards. Mr B contacted JAJA on 15 January 2025 to advise of a change of address and the default was discussed. Mr B asked to raise a complaint for irresponsible lending and sent a letter the following day. He told JAJA he thought its affordability checks were inadequate as at the time of the agreement his credit score was poor, and he had little or no disposable income. He said if proper checks had been conducted it would’ve been clear that he couldn’t afford the repayments.

JAJA didn’t uphold the complaint. In its Final Response Letter (“FRL”) it told Mr B that during the assessment of his application all correct and appropriate means of affordability were proven by him in the form of the data he supplied in the application. And in a complete and thorough check of his credit file at the time.

Mr B didn’t agree and referred the matter to us. Our Investigator found the checks JAJA made on the application were reasonable and proportionate to the credit granted and he thought it had enough information to make a fair lending decision. And the investigator didn’t see anything to suggest the lending decision to approve the card with a £1200 limit in July 2023 would have been unaffordable or unsustainable for Mr B. So, he thought JAJA had made a fair decision to lend to Mr B.

Mr B didn’t agree. He said the lending decision was based on incomplete and inaccurate information and highlighted four concerns. Namely significant debt was overlooked, there were multiple defaults on his credit file, there was an incorrect assumption made for his housing costs and finally that his total debt and affordability had been misjudged. Mr B sent us a number of screenshots of selected extracts from his credit file as at 30 May 2025. The case has now come to me 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.

Our approach to considering complaints about unaffordable and irresponsible lending is set out on our website. I’ve had this approach in mind when considering what’s fair and reasonable in the circumstances of this complaint. While I have taken into account the relevant laws and regulations, my decision is based on what I consider fair and reasonable given the unique circumstances of this complaint.

As our investigator has explained, before providing credit, lenders need to complete

reasonable and proportionate affordability checks. There isn't a set list of checks a lender is required to carry out, it just needs to ensure the checks are proportionate when considering things like, the type and amount of credit being provided, the size of the regular repayments, the total cost of the credit and the consumer's circumstances.

I've thought carefully about Mr B's concerns about the accuracy of the information here. Whilst he accepts lenders are allowed to rely on their own checks unless adverse indicators are present, his concern is the full credit file he's *subsequently* obtained conflicts with the affordability data which he now sees JAJA's notes recording at the time of the application. Specifically, he says the level of his debt was much greater and there were several defaults and payment arrangements that would likely have triggered more checks. And if JAJA didn't spot these adverse entries he thought that showed their checks were not reasonable or proportionate. So, he thinks that either the credit check was insufficient, or the wrong data was relied upon.

I'm asked to make a decision on JAJA's actions *at the time it granted credit*. To approach this fairly, I can only look at the information that was available to JAJA *at the time*. As our investigator explained - both in his view and when sending Mr B a screenshot with the information JAJA sent us from the application records - we're deciding if JAJA conducted fair and proportionate checks based on the information it had *at the time*. It wouldn't be fair for me to consider that question based on any information Mr B has *subsequently* gathered. So, whilst I've considered his point, I have some difficulty taking the approach Mr B asks me to. And, even if I were to do as Mr B asks and consider the decision in the light of the information he's now seen, the information he's sent to me isn't a complete credit file, it's a selection of screenshots. So, for the reasons I've explained, my decision is based on what was recorded as being known at the time. So, I've relied on JAJA's records of what it was told at the time, from all sources, which includes the information from Mr B and the credit check.

Did JAJA make reasonable and proportionate checks to satisfy itself Mr B would be able to repay in a sustainable way?

JAJA's records show Mr B told it he was employed earning £32,000. And that it then verified his declared income information using Credit Account Turnover (CATO) data and used that for its affordability calculations as it showed a low variance between what Mr B declared to it and the credit agency records.

Alongside this, JAJA used ONS data for an estimation of Mr B's living and housing costs and then data from his credit file for his existing loan repayments. This formed the basis of a broad income and expenditure assessment showing Mr B was left with disposable income of just over £600, to which JAJA also applied a buffer of £170, estimating Mr B to then have just over £400 free income per month. The credit check also showed no arrears or payment plans on his seven open accounts at the time and no bankruptcy or relevant data for CCJ's.

I know Mr B's unhappy with the use of data from both the ONS and his credit file both in estimating his living expenses and his indebtedness as he thinks it's given an inaccurate and misleading picture. But, as our investigator has explained in his letters after the view, JAJA has done nothing wrong in using data from these sources. And although Mr B has sent us selected screenshots from his credit file as at May 2025, for the reasons I've explained above, it's not right that I make a decision on the reasonableness and proportionality of JAJA's searches and its decision to lend on anything other than the information that was available to it at the time.

I think the information at the time showed Mr B had a level of monthly disposable income to make payments for this borrowing in a sustainable way. I also think the checks undertaken

by JAJA before first lending to Mr B were reasonable and proportionate to the credit - of £1200 - being considered. So, I don't think it was necessary for JAJA to have sought further information for it to make the decision to lend. Even though I think the checks were reasonable and proportionate, I need to go on to consider whether JAJA's decision to lend was fair.

If reasonable and proportionate checks were completed did JAJA make a fair lending decision bearing in mind the information gathered and what JAJA knew about Mr B's circumstances?

The checks by JAJA, outlined above, didn't raise concerns about the affordability of the lending. The calculations gave JAJA a surplus income figure of £438.55 for Mr B. JAJA were able to verify a low variance between the income Mr B declared and that which the data from the credit search provided. After allowing for monthly loan repayments of over £700, as shown on the credit check, and then living expenses and rent - both of which JAJA estimated using ONS data - it also factored in the buffer figure, detailed above, to Mr B's monthly outgoings. That buffer was substantially more than the repayments he'd be required to make, even if the full credit limit was used. So, like the investigator, I'm satisfied Mr B's priority outgoings were taken into account by JAJA when it calculated if this borrowing was affordable for him and in making the decision to lend to Mr B. Accordingly, I don't think the decision to lend was unfair. And, overall, I do not find I can say that JAJA acted irresponsibly by providing this credit to Mr B.

As a final exercise, I've also thought about whether JAJA, in any other way, acted unfairly or unreasonably towards Mr B. Particularly, whether its relationship with him might have been unfair. But, largely for the reasons I've set out above, I'm not persuaded that this was likely to have been the case. So, I'm not going to uphold this complaint.

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 Mr B to accept or reject my decision before 16 February 2026.

Annabel O'Sullivan
Ombudsman