

The complaint

Mr M has complained that Jaja Finance Ltd (Jaja) were irresponsible in opening a Credit Card account and subsequently increasing the credit limit.

What happened

Jaja provided Mr M with a credit card in November 2023 with a limit of £1,000. This limit was increased to £1,400 in September 2024

Mr M says the lending decisions were irresponsible. He says the checks carried out were insufficient and a more thorough check would have revealed a pattern of gambling and financial hardship.

Jaja reviewed Mr M's complaint and didn't uphold it. Jaja were satisfied that appropriate checks were carried out in both November 2023 and September 2024. They felt that there was no indication that the repayments were unaffordable.

An investigator then reviewed the merits of Mr M's complaint, but didn't think that Jaja had done anything wrong.

Mr M disagreed with our investigator's opinion. In summary he felt that a more thorough check would have revealed a pattern of gambling and financial hardship. Mr M has asked for an Ombudsman to review all the facts and 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, I'm not upholding this complaint. I know this will disappoint Mr M, so I'll explain why.

The rules and regulations in place at the time Jaja provided Mr M with the credit card required them to carry out a reasonable and proportionate assessment of whether he could afford to repay what he owed in a sustainable manner. This is sometimes referred to as an 'affordability assessment' or 'affordability check'.

The checks had to be 'borrower' focused. This means Jaja had to think about whether repaying the credit sustainably would cause difficulties or adverse consequences for Mr M. In other words, it wasn't enough for Jaja to consider the likelihood of them getting the funds back – they had to consider the impact of any repayments on Mr M.

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 Jaja did what they needed to before providing the credit card and subsequently increasing the credit limit.

Jaja used information declared by Mr M in his application, they did a credit reference agency (CRA) check and used data from the Office of National Statistics (ONS) to help them see whether the credit was affordable for Mr M.

In his application Mr M declared an annual salary of £25,500. The information Jaja obtained showed Mr M had other external debt of £741. His credit file showed a previous bankruptcy around 4 years prior to the application and a default around 3 and a half years prior. There was no adverse information on any open accounts.

Using all the information they had at the point of opening the credit card account, Jaja calculated that, including the monthly repayments for this credit card and all other costs noted, Mr M would be left with a disposable income of around £640 per month, which they considered affordable and sustainable.

Having considered all of this, I'm satisfied that Jaja did perform reasonable and proportionate checks before opening the credit card account and the available facts showed no indication that this was unaffordable. Having reviewed the calculations that led to Jaja's assessment of disposable income, I'm equally satisfied that more thorough checks weren't required in the circumstances and therefore no requirement for them to review Mr M's bank statements.

Jaja completed similar checks before increasing Mr M's credit limit to £1,400. The CRA checks did show an increase in other debt, to around £2,400. Jaja's assessment was that the increase to the credit limit remained affordable, and when all commitments are accounted for with an affordability buffer included, Mr M would have around £130 per month of disposable income.

Having considered this aspect carefully, I am also satisfied with Jaja's approach and decision to increase the credit limit. While these checks do result in a lower disposable income, the CRA advised that all open accounts were up to date with no recent missed payments or defaults.

In addition, Mr M's credit card statements show that he was regularly making payments that were well above the minimum repayment amount in the three months prior to the increase, which is a good indication of affordability, so as with the decision to open the account, I'm satisfied that more thorough checks weren't required and a fair decision was made to increase the credit limit.

Mr M highlights that he was just a few years post-bankruptcy and with high volumes of existing credit, he was in financial hardship again. While I do sympathise with Mr M's situation and thank him for his openness, it is for a lender to consider whether to offer credit following a bankruptcy and as long as all other checks on affordability are completed, that in itself wouldn't necessarily require them to perform further checks.

Mr M also tells us that at the time of the credit increase he was regularly using credit for essentials. While I understand this, it wasn't yet evident on the credit report Jaja obtained. And therefore I can't reasonably say that they ought to have been aware that Mr M was in financial difficulty.

In reaching my conclusions, I've also considered whether the lending relationship between Mr M and Jaja might have been unfair to Mr M under s140A of the Consumer Credit Act 1974 ("CCA"). However, for the reasons I've already explained, I'm satisfied that Jaja did not lend irresponsibly when providing Mr M with the credit card or when they increased the limit. And I haven't seen anything to suggest that s140A of the CCA would, given the facts of this complaint, lead to a different outcome here.

So while it will come as a disappointment to Mr M, I won't be upholding his complaint against Jaja for the reasons explained above.

My final decision

I don't uphold this complaint

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 1 January 2026.

David Barker
Ombudsman