

The complaint

Miss W complains Ikano Bank AB (publ) (Ikano) failed to carry out appropriate financial checks before it approved a store card account for her.

What happened

Miss W says Ikano approved a store card account for her in April 2019 with a credit limit of £200, although she was struggling financially at that time. Miss W says Ikano failed to carry out sufficient financial checks before the account was approved and if it had it would have seen the borrowing was unaffordable.

Ikano says before it approved the store card account it undertook a credit assessment and verified the income Miss W declared on her application, via external sources. Ikano says at the time of the application there was no evidence of any arrears on her existing credit commitments and her existing loan with them had been well managed.

Ikano feel the checks it undertook were proportionate for the level of facilities approved.

Miss W wasn't happy with Ikano's response and referred the matter to this service.

The investigator looked at all the available information but didn't uphold the complaint. The investigator says there are no set list of checks lenders like Ikano must undertake before it approves credit facilities, but these should be borrower focused. The investigator felt while Ikano had carried out some financial checks these didn't go far enough and he obtained copies of Miss W's bank statements to verify her income and expenditure.

The investigator says the bank statements showed Miss W's income was as she had declared in her credit application. The investigator calculated that after allowing for all essential expenditure and Miss W's borrowing commitments, there was still more than sufficient to meet the store card account monthly minimum payments of around £4, approved by Ikano.

The investigator felt that Ikano's decision to lend was fair.

Miss W didn't agree with the investigator's view and asked for the matter to be referred to an ombudsman 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.

Having done so, I won't be upholding this complaint and I will explain how I have come to my decision.

I was sorry to hear Miss W is experiencing financial problems and that must be a source of worry for her.

When looking at this complaint I will consider if Ikano carried out reasonable and proportionate checks before it approved a store card account for Miss W in April 2019.

Miss W's complaint centres around her view that Ikano failed to carry out thorough enough financial checks before it approved the store card account for her in April 2019, and if it had it would have seen the commitment was unaffordable.

While I understand the points Miss W makes here, I'm not fully persuaded by her argument and I will go on to explain why.

As the investigator has pointed out there are no set list of checks lenders like Ikano must carry out before approving credit facilities, but these should be borrower focused taking into account the amount, type, term and cost of any borrowing. I should say here it's not for me to tell Ikano what those checks must consist of, or from what sources those checks should come from.

Here from the information I have seen, before Ikano approved the modest store card account limit of £200, it relied on the information declared by Miss W on her application alongside data provided by credit reference agencies (CRA's). This data was used to verify Miss W's declared income of between £20,000 to £25,000 and showed there was no adverse credit information to be concerned about, and additionally Miss W had maintained her existing loan with Ikano well.

The investigator felt Ikano should have carried out more financial checks and obtained bank statements to verify Miss W's income and expenditure, but I'm not convinced that was necessary here given the very modest level of credit afforded, which after all meant Miss W's commitment was less than £4 per month.

Given the checks Ikano had already conducted, I wouldn't expect it to then carry out the same level of intensive financial due diligence one might expect for say a long term committed loan, for example.

That said, the bank statements obtained seemed to confirm the levels of income Miss W had declared in her credit application and there was no obvious signs of any financial stress at that time. So on balance, I'm satisfied for the reasons I have already explained, the financial checks Ikano undertook before approving the store card account were reasonable and proportionate.

I've also considered whether Ikano acted unfairly or unreasonably in some other way given what Miss W has complained about, including whether its relationship with her might have been unfair under s.140A Consumer Credit Act 1974. However, for the same reasons I have set out above, I've not seen anything that makes me think this was likely to have been the case.

While Miss W will be disappointed with my decision, I won't be asking anymore of Ikano.

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 Miss W to accept or reject my decision before 28 October 2025.

Barry White

Ombudsman