

## The complaint

Mx C complains that Frasers Group Financial Services Limited trading as Studio (Studio) acted irresponsibly when they agreed to open a catalogue account.

## What happened

In February 2019, Mx C successfully applied for a catalogue account with Studio and a £450 credit limit was applied. The credit limit was not increased.

Soon after opening the account, Mx C had difficulty in making payments. Between 2019 and 2025, Mx C required multiple short term payment arrangements, including breathing space and token payment plans. In summary, Mx C believes they should not have been approved this credit and that the decision to lend was irresponsible.

Studio said they'd considered Mx C's overall creditworthiness and based on this they felt that they'd made a fair lending decision. Studio said they made a decision that was borrower focused and proportionate. They reviewed information including checks on Mx C's credit file. Studio say that they were not provided with evidence that Mx C was under financial strain at the time of application and this was not reflected in the credit information they relied on to make their decision.

Mx C wasn't happy with Studio's response and referred their complaint to us. Our investigator said the checks that Studio carried out before lending were proportionate and fair in respect of the amount being lent and that the decision to lend was reasonable following the results of these checks.

Studio didn't dispute this position, but Mx C did. In summary, Mx C noted that the lending decision was based on self-reported income and disposable income figures, without this information being verified. Mx C noted that they had recently completed an Individual Voluntary Arrangement (IVA) which ought to have raised affordability concerns. They also said they struggled to make payments as early as July 2019. They felt this was evidence that the lending was not sustainable. Mx C also said that another lender wrote off their debt in similar circumstances.

Our investigator provided a subsequent view where they noted that the credit file information provided by Studio did not show that Mx C was in an IVA. They also considered that had this information been visible through the checks, bearing in mind the credit limit and other circumstances of the application, this may not have impacted the decision to provide credit when considered holistically with the remainder of Mx C's credit file.

The investigator said that they thought self-reported income was sufficient when considering the amount of credit being granted. They did not find that income verification was necessary in these circumstances. They also noted that although there were early concerns with Mx C's ability to make payments once the credit agreement had begun, the checks carried out before lending didn't reveal that the credit limit would be unsustainable.

The investigator reiterated that their view was based on the merits of the current complaint and did not find that other lenders having written off Mx C's other debts impacted the outcome of their view. They were satisfied that Studio had made a fair decision to lend in this case.

Mx C didn't agree and asked for an ombudsman to decide on the matter. They said that other complaints had been upheld by our service against Studio in similar circumstances, so this complaint should also be upheld. As an agreement couldn't be reached, the case has been passed to me to decide.

Although it does not form part of this decision, I also note that Studio has written off the balance for this account since the investigator gave their opinion.

### **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.

While Mx C has provided detailed evidence of their complaint, and whilst I've considered all the available information, I've not reflected every point that has been raised. No discourtesy is intended here, this is merely to reflect my informal role in deciding a fair and reasonable outcome. So, I've focused on what I think are the key issues of the complaint. If there is something I haven't mentioned, it isn't because I've ignored it. I've also only considered matters that occurred before the final response letter was issued, in line with the rules this service must follow.

I've considered what both parties have said about Mx C's lending with Studio. Having carefully considered everything, I think that Studio acted fairly and reasonably.

The relevant rules, regulations, and guidance at the time of Studio's lending decision required them to carry out reasonable and proportionate checks.

While there isn't a defined list of checks a lender needs to carry out, such checks should be proportionate, considering things like the type, amount, duration and total cost of the credit, as well as the borrower's individual circumstances. These checks needed to assess Mx C's ability to afford the credit limit being approved and to be able to repay it sustainably, without causing them financial difficulties or harm.

It isn't sufficient for Studio to just complete proportionate checks, they must also consider the information obtained from these checks to make fair lending decisions. I've considered the checks Studio did and what they found from these checks.

I thought that the checks which Studio carried out before lending were reasonable and proportionate to satisfy themselves that Mx C would be able to sustainably repay the borrowing. I'll explain why.

Studio reviewed the declared salary and disposable income information provided and completed a credit check to understand Mx C's credit commitments. The credit limit of £450 required small monthly payments to clear the full amount owed within a reasonable time. Based on the circumstances of this case, including the low-level of borrowing being provided and the financial impact to Mx C based on their circumstances, I'm satisfied the checks done were sufficient, being reasonable and proportionate in the circumstances.

In this case, Studio have considered the information provided and I'm satisfied that it was reasonable for them to rely on the information within the checks they made for this purpose.

The checks revealed that Mx C's credit file did not indicate that they were in a financial situation that would mean the proposed lending would not be sustainable.

The income reported by Mx C was £27,000 per annum, and based on their reported expenditure, they had disposable income of £745 which I've understood to be a monthly figure.

In these circumstances based on the information within the reasonable and proportionate checks that were carried out, I think this revealed that the lending was likely to have been affordable for Mx C. So, I'm satisfied Studio's lending decision was fair.

Mx C has noted in their response that there are other decisions where complaints have been upheld in circumstances which they say are similar to theirs. However, I'm required to make my decision based on the individual circumstances of this case, and each case is determined on the basis of its own merits. In the circumstances of this case, I'm satisfied that the affordability assessment completed by Studio was reasonable and proportionate and indicated that the lending was likely to be affordable.

While I was sorry to hear of the impact this lending has had on Mx C, considering the full circumstances of this complaint, I don't find that Studio acted unfairly or unreasonably in providing Mx C with the account.

It is further noted that, when Mx C told Studio they were in financial difficulties, I would have expected Studio to exercise forbearance and due consideration in line with their regulatory obligations.

There's no fixed method by which this is to be achieved. As the circumstances of each individual borrower is different, a business needs to tailor their actions to take account of the customer's needs. Amongst many examples, this might involve reducing or freezing interest, reducing the rate of payment, or temporary suspensions of payments. But it is up to each business to decide what steps are taken to assist each customer.

Studio's contact notes show that it did offer support when it became aware of Mx C's financial circumstances, including payment plans and breathing space as evidenced by both Studio and confirmed by Mx C in their complaint. I can see that these considerations sought to understand Mx C's situation at each stage and sought appropriate measures to show forbearance in response to this information. I appreciate the options Studio has offered Mx C aren't what they were hoping for. But I'm satisfied Studio has treated Mx C with forbearance once they became aware of their circumstances.

In reaching my conclusions, I've also considered whether the lending relationship between Mx C and Studio might have been unfair to Mx C under Section 140A of the Consumer Credit Act 1974 ("CCA"). However, for the reasons I've already explained, I'm satisfied that Studio did not lend irresponsibly when providing Mx C with the credit account or otherwise treat them unfairly in relation to this matter. And I haven't seen anything to suggest that Section 140A CCA would, given the facts of this complaint, lead to a different outcome here.

### **My final decision**

For the reasons given above, I don't uphold this complaint against Frasers Group Financial Services Limited trading as Studio.

Under the rules of the Financial Ombudsman Service, I'm required to ask X to accept or reject my decision before 5 March 2026.

Frances Kerslake  
**Ombudsman**