

The complaint

Mr T says Shop Direct Finance Company Limited trading as Very ('Very'), irresponsibly lent to him. He says that it didn't take reasonable steps to ensure he could afford the repayments towards a running credit account. He says that he was only able to repay the minimum amount to the account.

Mr T's complaint has been brought by a representative and I've referred to Mr T and the representatives' comments as being from Mr T for ease of reading.

What happened

Our Investigator thought the complaint should be partially upheld. Mr T disagreed with the Investigator's opinion. The complaint was then passed to me.

I issued my provisional decision saying that Mr T's complaint should be not upheld. A copy of the background to the complaint and my provisional findings are below in italics and form part of this final decision.

What I said in my provisional decision:

Mr T opened a running credit account in October 2010. He could purchase goods from Very using this. Mr T had to repay the minimum amount every 28 days. The account opening balance was £300. The credit limit was decreased to £275 In May 2011. But it has been increased several times since then, a summary of these increases is below:

1. *May 2011 to £375*
2. *August 2011 to £775*
3. *November 2011 to £1,275*
4. *February 2012 to £1,775*
5. *May 2012 to £2,275*
6. *October 2012 to £3,100*
7. *January 2013 to £3,850*
8. *April 2013 to £4,150*
9. *July 2013 to £4,450*
10. *November 2013 to £4,700*
11. *March 2014 to £5,200*
12. *July 2014 to £5,500*
13. *November 2014 to £5,800*
14. *February 2015 to £6,200*
15. *August 2015 to £6,450*
16. *February 2016 to £6,750*
17. *June 2016 to £7,150*

Mr T has complained to Very saying that he was usually only able to repay the minimum amount due. Very considered this complaint and it didn't uphold it. It thought it'd done appropriate checks, which showed that Mr T could afford the lending. Mr T didn't agree with this and brought his complaint to the Financial Ombudsman Service.

Our Investigator upheld Mr T's complaint. He thought that it wasn't clear that Very had made proportionate checks before lending. But if it had made better checks it likely would have seen that Mr T couldn't afford the lending from credit limit increase 2. This is because he was spending around the same amount that he was earning. And so, he wouldn't have been able to afford further credit.

Very didn't agree with the Investigator. It said that Mr T didn't seem to have any problems repaying his account and often paid more than the minimum repayments. He was never over his account limits. It also thought that his income looked to be greater than his essential expenditure, over the limited period that bank account details were provided. And in any event there wasn't enough to say the lending was unaffordable as the bank statements, and other information, were not complete.

Because Very didn't agree, this matter has been passed to me to make a final decision.

What I've provisionally decided – and why

I've considered all the available evidence and arguments to provisionally decide what's fair and reasonable in the circumstances of this complaint.

When someone complains about irresponsible and/or unaffordable lending, there are two overarching questions I need to consider when deciding what's fair and reasonable in all of the circumstances of the complaint. These are:

- 1. Did Very complete reasonable and proportionate checks to satisfy itself that Mr T would be able to repay the credit in a sustainable way?*
 - a. if so, did Very make a fair lending decision?*
 - b. if not, would reasonable and proportionate checks have shown that Mr T could sustainably repay the borrowing?*
- 2. Did Very act unfairly or unreasonably in some other way?*

And, if I determine that Very didn't act fairly and reasonably when considering Mr T's application, I'll also consider what I think is a fair way to put things right.

Did Very complete reasonable and proportionate checks to satisfy itself that Mr T would be able to repay the credit in a sustainable way?

There's no set list for what reasonable and proportionate checks are, but I'd expect lenders to consider things such as the amount, duration, and payments of the finance being applied for, as well as the borrowers' personal circumstances at the time of each application.

Very has explained that it would have asked Mr T what his income and expenditure were, but it doesn't now have this information due to the passage of time. It has retained some information it received from a credit reference agency. This showed there were no missed payments over the preceding 24 months, and it had been 97 months since Mr T was subject to a county court judgement. There were no accounts in default at the time of lending.

But, essentially, Very hasn't been able to fully evidence the checks it did, it only has a summary of some of the information it gathered. Whilst this isn't unreasonable due to the passage of time, I still can't be certain of what it considered before lending. So, I'm not persuaded that the checks Very did were reasonable and proportionate.

Would reasonable and proportionate checks have shown that Mr T would be able to repay the credit in a sustainable way?

I've gone on to consider what Very would likely have found had reasonable and proportionate checks been carried out.

Mr T has provided copies of his bank statements for some of the period before the lending in 2010, some for 2011, 2012 and again in 2024. While I wouldn't have expected Very to have asked Mr T for copies of these, I'm satisfied that these statements would give a good indication of what Very would likely have taken into consideration had it asked Mr T to verify, or provide more information about, his income and committed expenditure during that specific period.

As I've said above, I only have bank statement information for some years. And Mr T has been unable to supply a credit report. And he hasn't provided any bank or transaction information for the account from where he repaid the Very account. So, the information I have isn't complete. That said, I think I have enough to make a fair decision, on the balance of probabilities.

I've looked at both Mr T's, Very's and our Investigator's calculations and interpretations of the entries on the bank statements. I won't reproduce these here as everyone is aware of them. But I think it's reasonable to say that these statements show that Mr T was living within his means at the times I have information for. And a large part of his expenditure wasn't on fixed or essential spending, as our Investigator noted. I don't think they show that Mr T was having any financial difficulty.

Mr T's complaint was that he struggled to repay the lending, that is he was only able to repay the minimum amounts most of the time, and he missed payments to the Very account. Very has provided a list of the monthly balances and the repayments he made. These show that he did pay the minimum amount at times, and sometimes slightly below this, but he was also able to pay significantly more than this at other times. And he paid late on a few occasions, but he did make payments in these months, so I don't think it's reasonable to say he missed payments. He didn't borrow over the account limits, and I understand from Very that he only ever borrowed up to just over £4,000.

Given what I have seen I think it's fair to say that Mr T seems to have used the account without significant issues over the time it was active. There are a few occasions where he may not have had enough to repay all of the minimum amount, but there were other times when he paid much more than this. I'm not upholding his complaint due to how the account was used.

And, as I've said, the bank statements from the early part of the lending don't point to any form of financial problems, and neither do the ones from later. As Mr T didn't have any significant problems repaying this credit, it seems unlikely that he was in financial difficulty over the life of the account when the credit limits were increased.

Lastly, Mr T hasn't provided any kind of detail about his circumstances that would explain why he thinks he couldn't afford to repay this lending (but was still able to repay it). That said I don't think it's likely that any further information about his circumstances would change my decision.

So, and while I appreciate this will come as a disappointment to Mr T, I'm satisfied that, had Very carried out reasonable and proportionate checks, I think that it's likely that it would have found the credit to be sustainably affordable.

Did Very act unfairly or unreasonably in some other way?

I have considered whether the relationship might have been unfair under Section 140A of the Consumer Credit Act 1974.

However, for the reasons I've already given, I don't think it lent irresponsibly to Mr T or otherwise treated him unfairly in relation to this matter. I haven't seen anything to suggest that Section 140A would, given the facts of this complaint, lead to a different outcome here.

I haven't seen anything to make me think Very acted unfairly or unreasonably in some other way.

Developments

Very, and Mr T, received my provisional decision. Very agreed with what I had said, and Mr T didn't have anything to add.

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.

Very and Mr T didn't raise any new points after receiving my provisional decision. So, I've reached the same conclusions I reached before, for the same reasons. I still don't think there is enough evidence to show that Mr T was in financial difficulty at the time Very lent to him. So, I'm not persuaded that it was wrong for it to lend.

My final decision

For the reasons set out above, and in my provisional decision, I don't uphold Mr T's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 28 October 2025.

Andy Burlinson
Ombudsman