

Complaint

Mrs A has complained that J D Williams & Company Limited (“J D Williams”) irresponsibly provided her with catalogue shopping accounts and credit limit increases. She’s said that these accounts were unaffordable for her and therefore shouldn’t have been provided. She’s also concerned that later accounts were provided even though she’d previously had payment difficulties on earlier ones and this resulted in her having to borrow further.

Background

Mrs A was provided with a total of six catalogue shopping accounts by J D Williams. I’ve already explained why we can’t look at her complaint about the first four accounts she was provided with. And this decision is only looking at the fifth and sixth accounts that J D Williams provided to her.

From this point forward all references to Mrs A’s Simply Be account refers to the fifth account she was provided with in February 2018 all references to Fashion World account are made in relation to the final account Mrs A was provided with in January 2021.

The accounts had the following credit limits at the following times:

Simply Be

February 2018 - £150
March 2018 - £250
April 2018 - £350
September 2018 - £500
October 2018 - £700
November 2018 - £1,000.00

From what I’ve seen, Mrs A never had a balance above £350 on this Simply Be account. So as Mrs A, never used the additional credit, she did not lose out as a result of the third, fourth and fifth limit increases on this account. Mrs A’s stopped using this account after she cleared the balance in May 2019 and the account was eventually closed in March 2025.

Fashion World

January 2021 - £500
March 2021 - £600
May 2021 - £900
June 2021 - £1,300.00
December 2021 - £1,900.00

From what I’ve seen, Mrs A never had a balance above £1,300.00 on this Fashion World account. So as Mrs A, never used the additional credit, she did not lose out as a result of the fourth limit increase on this account. Mrs A ran into difficulty making the repayments on this account and a balance of approximately £1,200.00 was sold to a third-party debt purchaser in November 2023

In January 2025, Mrs A complained saying that both of these catalogue shopping accounts and the credit limit increases J D Williams provided were unaffordable for her and that they resulted in her having to borrow further.

J D Williams didn't uphold Mrs A's complaint. When responding to our request for its file on Mrs A's complaint, J D Williams said that it believed Mrs A had complained about the Simply Be account and all of the credit limits too late and therefore this precluded us from considering matters relating to that account.

One of our investigators looked at everything provided and was not persuaded that proportionate checks would have shown J D Williams that it shouldn't have provided Mrs A with either catalogue shopping account. So she didn't think that Mrs A's complaint should be upheld.

Mrs A disagreed with our investigator's conclusions and asked for an ombudsman to review her complaint.

My findings

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

Basis for my consideration of this complaint

There are time limits for referring a complaint to the Financial Ombudsman Service. J D Williams has argued that Mrs A's complaint about the Simple Be account was made too late because she complained more than six years after the decisions to provide the account and the associated credit limit increases; as well as more than three years after she ought reasonably to have been aware of her cause to make this complaint.

Our investigator explained why it was reasonable to interpret Mrs A's complaint as being one alleging that the relationship between her and J D Williams was unfair to her as described in s140A of the Consumer Credit Act 1974 ("CCA"). She also explained why this complaint about an allegedly unfair lending relationship had been made in time.

Having carefully considered everything, I've decided not to uphold Mrs A's complaint. Given the reasons for this, I'm satisfied that whether Mrs A's complaint about the specific lending decisions was made in time or not has no impact on that outcome.

I'm also in agreement with the investigator that Mrs A's complaint should be considered more broadly than just the lending decisions. I consider this to be the case as Mrs A has not only complained not about the respective decisions to lend but has also alleged that they unfairly resulted in her having to borrow further.

I'm therefore satisfied that Mrs A's complaint can therefore reasonably be interpreted as a complaint about the overall fairness of the lending relationship between her and J D Williams. I acknowledge J D Williams may not agree we can look Mrs A's complaint about the Simply Be account, but given the outcome I have reached, I do not consider it necessary for me to make any further comment, or reach any findings on these matters.

In deciding what is fair and reasonable in all the circumstances of Mrs A's case, I am required to take relevant law into account. As, for the reasons I've explained above, I'm satisfied that Mrs A's complaint can be reasonably interpreted as being about the fairness of

the lending relationship between her and J D Williams, relevant law in this case includes s140A, s140B and s140C of the CCA.

S140A says that a court may make an order under s140B if it determines that the relationship between the creditor (J D Williams) and the debtor (Mrs A), arising out of a credit agreement is unfair to the debtor because of one or more of the following, having regard to all matters it thinks relevant:

- any of the terms of the agreement;
- the way in which the creditor has exercised or enforced any of his rights under the agreement;
- any other thing done or not done by or on behalf of the creditor.

Case law shows that a court assesses whether a relationship is unfair at the date of the hearing, or if the credit relationship ended before then, at the date it ended. That assessment has to be performed having regard to the whole history of the relationship. S140B sets out the types of orders a court can make where a credit relationship is found to be unfair – these are wide powers, including reducing the amount owed or requiring a refund, or to do or not do any particular thing.

Given Mrs A's complaint, I therefore need to think about whether J D Williams's decision to initially lend to Mrs A and increase her credit limit, or its later actions resulted in the lending relationship between Mrs A and J D Williams being unfair to Mrs A, such that it ought to have acted to put right the unfairness – and if so whether it did enough to remove that unfairness.

Mrs A's relationship with J D Williams is therefore likely to be unfair if it didn't carry out reasonable and proportionate checks into Mrs A's ability to repay in circumstances where doing so would have revealed the catalogue shopping accounts or limit increases to be unaffordable, or that it was irresponsible to lend. And if this was the case, J D Williams didn't then remove the unfairness this created somehow.

Were the decisions to provide the catalogue shopping accounts and subsequent credit limit increase unfair?

We've set out our general approach to complaints about unaffordable and irresponsible lending - including the key relevant rules, guidance and good industry practice - on our website.

J D Williams needed to take reasonable steps to ensure that it didn't lend irresponsibly. In practice this means that J D Williams needed to find out enough about Mrs A in order to have a fair understanding of whether she could afford to repay what she was being lent. Any checks carried out to find this out, could take into account a number of different things, such as how much was being lent, the repayment amounts and the consumer's income and expenditure.

With this in mind, in the early stages of a lending relationship, I think less thorough checks might be reasonable. But certain factors might point to the fact that J D Williams should fairly and reasonably have done more to establish that any lending was sustainable for the consumer.

These factors include:

- the *lower* a consumer's income (reflecting that it could be more difficult to make any loan repayments to a given loan amount from a lower level of income);

- the *higher* the amount due to be repaid (reflecting that it could be more difficult to meet a higher repayment from a particular level of income);
- the *greater* the frequency of borrowing, and the longer the period of time during which a customer has been indebted (reflecting the risk that prolonged indebtedness may signal that the borrowing had become, or was becoming, unsustainable).

There may even come a point where the lending history and pattern of lending itself clearly demonstrates that the lending was unsustainable.

I've kept all of this in mind when deciding Mrs A's complaint.

J D Williams' decisions to provide Mrs A with a Simply Be account and then increase the credit limit to £250 and £350

What's important to note is that Mrs A was provided with a revolving credit facility rather than a loan. This means that to start with J D Williams was required to understand whether credit limits of £150, £250 and £350 could be repaid within a reasonable period of time, rather than all in one go. It's fair to say that credit limits of £150, £250 and £350 required relatively low monthly payments in order to clear the full amount owed within a reasonable period of time.

I've seen the information what was on the credit search J D Williams carried out. The credit search showed that Mrs A had previously defaulted on credit commitments and J D Williams will also have been aware that one of these defaults was on one of its accounts¹, which subsequently led to a debt being sold to a third party. But I think it's fair to say that the vast majority of this was historic as the most recent default was around a year prior to this application.

Given how long it had been since these defaults, I don't think that they, or the more recent county court judgment, in themselves meant that Mrs A shouldn't have been lent to. In my view, this adverse information meant that J D Williams needed to take more caution which it did do by offering a low initial limit.

The extremely low amount being initially being lent here and the credit searches J D Williams carried out not showing that Mrs A shouldn't be lent to in any circumstances in the way she suggests, arguably means that J D Williams did not need to further verify what was in the information it had before agreeing to provide this account and the first two limit increases.

For the sake of completeness, I should add that at best, even if I were to accept that further checks were necessary, any such checks would only have gone as far as finding out more about Mrs A's regular living costs. And the information Mrs A has provided doesn't clearly show me that Mrs A's actual living expenses significantly differed from the estimates that J D Williams is likely to have used when determining that a Simply Be account and the first two limit increases were affordable.

As this is the case, it's difficult for me to agree that J D Williams doing more in these instances would have shown that it shouldn't have lent to Mrs A on this Simply Be account.

¹ For the sake of completeness, I would add that I'm aware Mrs A's first two J D Williams accounts also defaulted. However, as is likely to have been over a decade prior to this application, I think it is unlikely that J D Williams would have had any record of this and I think it is unlikely that any credit searches would have shown these accounts at this stage either.

As I've explained in the background section of this decision, Mrs A didn't ever have a balance of over £350 on this Simply Be account. As this is the case, Mrs A never used the extra credit made available to her as a result of the third, fourth and fifth limit increases and I'm satisfied that she cannot have suffered a financial loss as a result of them.

Bearing all of this in mind, I find that J D Williams didn't create any unfairness in its lending relationship with Mrs A when it initially opened this Simply Be account and agreed to the limit increases on it.

J D Williams' decisions to provide Mrs A with a Fashion World account and then increase the credit limit to £600 and £900

What's important to note is that by the time of her application for this account, Mrs A wasn't using her existing Simply Be account. In these circumstances, I think that J D Williams was required to understand whether credit limits of £500, £600 and £900 could be repaid within a reasonable period of time. It's fair to say that credit limits of £500, £600 and £900 didn't require especially large monthly payments in order to clear the full amount that could be owed within a reasonable period of time.

Once again J D Williams has been able to provide a copy of the results of its credit checks. This credit search showed that Mrs A's credit score had improved in the period she had her Simply Be account. She hadn't had any new significant adverse information – such as defaulted accounts or county court judgments - recorded against her. So it was approaching four years since the last of this type of information had been recorded against Mrs A and she'd also fully repaid what she had borrowed on the Simply Be account too.

Furthermore, Mrs A didn't immediately use all of the credit made available to her either. She used around £300 when the account had been opened for her and this had reduced by the time of the second credit limit increase. In these circumstances, it seems to me that the information provided appears to show that this account and the first two limit increases were affordable for Mrs A and therefore J D Williams was reasonably entitled to provide this credit.

Bearing all of this in mind, I find that J D Williams didn't create any unfairness in its lending relationship with Mrs A when it initially opened this Fashion World account and agreed to the first two limit increases on it.

The third limit increase on the Fashion World account

For the third limit increase, J D Williams was increasing Mrs A's credit limit to an amount that was over £1,000.00. I think it's fair to say that Mrs A appeared to be managing her credit commitments reasonably especially as she hadn't had any new adverse information recorded against her by this time either.

However, while this will have reliably informed J D Williams was managing the credit that she already had, I don't think that this necessarily means that Mrs A could afford to repay more credit. And I struggle to see how J D Williams could reasonably have believed that Mrs A could afford to repay £1,300.00 within a reasonable period of time without having an understanding of her income and her regular living expenses.

As there's no suggestion that J D Williams did obtain this information before increasing Mrs A's credit limit in June 2021, I don't think that the checks it carried out before it increased the amount of credit Mrs A could owe past £1,000.00, were reasonable and proportionate.

Ordinarily, where a firm failed to carry out reasonable checks before providing credit or increasing the amount available to a customer, I'd usually go on to recreate such checks in order to get an indication of what they would more likely than not have shown.

However, while Mrs A has been able to provide us with some information, she has not been able to provide us with everything that we've asked her for in order to be able to properly understand and assess what J D Williams finding out more about her regular monthly living costs and existing credit commitments is likely to have shown. The information she has provided shows there are funds moving to and from another account.

Equally, it is only fair and reasonable for me to uphold a complaint in circumstances where I can see that any additional credit provided was unaffordable. And I'm afraid that I've not been provided with sufficient evidence which corroborates what Mrs A has said about not being able to make the increased monthly payments required should she owe the full amount. As this is the case, I'm not in a position where I can reasonably say that the third limit increase on this Fashion World account was as a matter of fact unaffordable for Mrs A.

As I've explained in the background section of this decision, Mrs A didn't ever have a balance of over £1,300.00 on this Fashion World account. As this is the case, Mrs A never used the extra credit made available to her as a result of the fourth limit increase and I'm satisfied that she cannot have suffered a financial loss as a result of it.

Mrs A's pattern of lending on the accounts I'm considering – Is it the case that J D Williams ought reasonably to have realised that this credit was unsustainable or otherwise harmful for Mrs A and therefore shouldn't have provided it?

Bearing in mind I'm considering a complaint about more than one account that J D Williams provided to Mrs A, I've also considered whether Mrs A's use of these accounts ought to have shown J D Williams that this credit was unsustainable for her.

In the first instance, I think it would help for me to start by saying that my thoughts in this section are limited to the two accounts that I am able to consider a complaint about. I know Mrs A has referred to having more than two accounts with J D Williams. However, as I cannot look at those accounts, I'm not in a position to offer any comment on them.

Turning now to these two accounts, I have to start by saying I think it's fair to say that Mrs A had managed her Simply Be account and this Fashion World account well at the time of these limit increases. She never used all of the credit made available to her – for example, Mrs A didn't use any of the credit granted as a result of the final three limit increases on the Simply Be account and had fully repaid the balance on it. Furthermore, Mrs A owed around £250 against a limit of £900 at the time that she was offered the limit increase to £1,300.00 on this account too.

I do appreciate that Mrs A had had difficulties on previous J D Williams accounts. But given that the most recent debt had been sold around five years prior to the limit increase to £1,300.00, I think that J D Williams was reasonably entitled to place more weight upon Mrs A's more recent account activity.

Therefore, bearing in mind what I'm able to consider, I'm satisfied that this isn't a case where I can reasonably say that the limit increases and Mrs A's account usage ought reasonably to have shown J D Williams that Mrs A's indebtedness, on these Simply Be and Fashion World accounts, was rapidly increasing in an uncontrollable way, or that the pattern of lending here ought reasonably to have led J D Williams to conclude that the facilities had become demonstrably unsustainable for Mrs A either.

So having carefully considered everything and while I appreciate that this will disappoint Mrs A, I've not been persuaded that reasonable checks would have shown J D Williams that it shouldn't have provided Mrs A with these Simply Be and Fashion World accounts or the limit increases.

Furthermore, I don't think that Mrs A's pattern of borrowing meant that J D Williams offered the accounts or credit limit increases in circumstances where it ought reasonably to have realised that they may have been unsustainable or otherwise harmful for her either.

Overall, and based on the available evidence I don't find that the lending relationship between Mrs A and J D Williams was unfair to Mrs A. I've not been persuaded that J D Williams created unfairness in its relationship with Mrs A by unfairly lending to her whether when initially agreeing to provide her with these Simply Be and Fashion World catalogue shopping accounts, or in respect of increasing her credit limit on them. And I don't find J D Williams treated Mrs A unfairly in any other way either based on what I've seen.

So while I can understand Mrs A's sentiments and appreciate why she is unhappy, I'm nonetheless not upholding this complaint. I appreciate this will be J D Williams disappointing for Mrs A. But I hope she'll understand the reasons for my decision and that she'll at least feel her concerns have been listened to.

My final decision

For the reasons I've explained, I'm not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs A to accept or reject my decision before 6 November 2025.

Jeshen Narayanan
Ombudsman