

The complaint

Mr D complains that JAJA Finance Limited trading as ASDA Money (Asda Money) irresponsibly lent to him, when he was provided with a credit card.

What happened

Mr D says ASDA Money gave him a credit card without considering his circumstances as, at the time, he was experiencing significant financial difficulties and had a poor credit history. Mr D believes he was unable to manage or afford the credit, and this is evidenced by his only making minimum payments, which themselves became difficult to maintain, resulting in charges and additional fees being incurred. Mr D believes there was an inadequate assessment of his affordability and creditworthiness. Overall, this resulted in stress and mental health issues, due to worrying about money and finances. In resolution of the complaint, Mr D wanted ASDA Money to re-calculate the finance with the removal of interest, a refund of any interest and charges, 8% simple interest, and removal of any adverse information from his credit file.

Mr D's application for a credit card was accepted in October 2023, and ASDA Money provided a £900 credit limit.

Mr D raised a complaint with ASDA Money in May 2025, as detailed above.

ASDA Money rejected the complaint saying it had based its lending decision on the information provided by Mr D during the application process and a complete and thorough check of his Credit Reference Agency (CRA) file, thereby adhering to all lending protocols. These checks satisfied ASDA Money that Mr D had sufficient disposable income to afford the credit card repayments. In addition, there was nothing in his recent credit history which concerned ASDA Money.

An Investigator considered Mr D's complaint and concluded ASDA Money had acted responsibly. In summary, they said that reasonable and proportionate checks were conducted, and this provided enough information on which to build a picture of Mr D's finances and allow a lending decision to be made. In addition, the Investigator felt the application information, coupled with the CRA data, showed Mr D was generally managing his existing credit with relatively little in negative reports showing. So, it didn't appear he was overindebted or struggling with his existing credit commitments, and there was nothing to suggest this lending would have been unaffordable or unsustainable.

ASDA Money did not dispute the Investigator's view, but Mr D did. He reiterated his earlier points and provided more information to support his opinion the lending was irresponsible, as a significant portion of his income was already accounted for prior to the issue of the credit card. This was primarily evidenced by detailing his actual housing costs, as ASDA Money had relied upon Office of National Statistics (ONS) data when assessing the credit card application. The Investigator considered Mr D's submissions but did not change their

view of the complaint, noting that the checks still appeared reasonable and proportionate, particularly as no adverse data was present on the CRA report.

Mr D further challenged the Investigator's view, as he believed the Consumer Credit Sourcebook (CONC) stated that an assessment based only on credit file and basic credit score, does not meet the Financial Conduct Authority's (FCA) requirements, and the assessment must consider the actual financial circumstances, including income and essential outgoings, in order to determine whether repayments could be made without difficulty. The Investigator responded that they still believed the checks were reasonable and proportionate. In addition, the Investigator stated they were not familiar with the part of the FCA's rules Mr D quoted or any rules that dictate that businesses, in all cases of lending, have to obtain living and housing costs. Mr D remained dissatisfied with the outcome and requested an Ombudsman's decision, so the case was passed to me to 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've reached the same outcome as the Investigator. I know this will be disappointing for Mr D, but I hope he'll understand my reasoning.

Firstly, I'd like to acknowledge the difficulties Mr D has faced, and I want to thank him for providing detailed information throughout the investigation of his complaint, and for sharing how his finances have impacted him.

We've explained how we manage complaints about unaffordable and irresponsible lending on our website, and I've used this approach to help me decide Mr D's complaint.

The rules and regulations in place at the time ASDA Money provided Mr D with the credit card, required it to conduct a reasonable and proportionate assessment of whether he could afford to repay the borrowing in a sustainable manner – often referred to as an affordability assessment / check.

The checks had to be focused on Mr D. This means ASDA Money had to consider whether repaying the credit sustainably would cause difficulties or adverse consequences for Mr D. So, it wasn't sufficient for ASDA Money to consider the likelihood of it getting the funds back or whether Mr D's circumstances met its lending criteria, it had to consider if he could sustainably repay the borrowing. These checks had to be proportionate to the circumstances of the lending and be dependent on factors specific to Mr D. These factors included his financial history, current situation and outlook, any indication of vulnerability or financial difficulty, the amount, type, and cost of the credit, etc. I've carefully considered all of this when thinking about whether ASDA Money did all it needed to, before providing credit to Mr D.

The credit card account was opened in October 2023, with a relatively modest credit limit of £900. The Application process requested information relating to Mr D's income, and this was supplemented with information obtained from a CRA. Firstly, I have considered whether ASDA Money completed reasonable and proportionate checks. Overall, I'm satisfied it did. Income information was collected during the application process, and details of credit and payment history was validated with CRA data. This would provide a reasonable amount of data upon which to make a lending judgement in the circumstances.

Mr D has stated he had a poor credit history, was experiencing significant financial difficulties and couldn't manage or afford the credit. The information from the time of the application shows Mr D's accounts were generally well maintained, his finances appeared stable, and there was no evidence of current adverse CRA data, financial difficulties or an inability to meet his credit commitments. There had previously been occasional, sporadic instances of missed payments, and a default some 34 months earlier, but it is reasonable to conclude these would have been considered as historic issues by ASDA Money, and at the time of the application there was nothing on the CRA report which raised any concerns.

I've then gone on to consider if the decision to provide the credit card was fair in respect of Mr D's circumstances. In view of the relatively small credit limit provided at the time, I'm satisfied the checks undertaken by ASDA Money were proportionate. I don't agree with Mr D that ASDA Money was remiss by not seeking additional confirmation of his housing costs (instead relying on ONS data), as the available evidence doesn't raise any concerns about affordability or sustainability.

In his further submissions, Mr D has stated his belief that Financial Conduct Authority (FCA) requirements, and in particular the Consumer Credit Sourcebook (CONC), supports his view that ASDA Money did not undertake sufficient investigation or consideration of his specific circumstances, before granting the credit card account. Mr D stated that CONC supported his view, quoting "A firm should not rely solely on a credit score or other automated or statistical method of assessing creditworthiness. A firm should take into account the actual circumstances of the customer". I am unable to agree on this point.

When providing credit, a responsible lender needs to follow the rules, regulations and guidance set out by the FCA. These rules, in relation to lending, are found in The Consumer Credit Sourcebook. The FCA have provided clarification in respect of its guidance to lenders when assessing creditworthiness and affordability.

"We do not prescribe what checks should be made. On the contrary, we make clear that the extent and scope of a creditworthiness assessment should be dependent upon, and proportionate to, factors which may include one or more of those listed in CONC 5.2.3G – such as the type and amount of credit, its cost and the customer's financial position."

CONC 5.2.3G is guidance not a rule, and as such is not binding on firms – it merely indicates matters which may be relevant in assessing creditworthiness, depending on the individual circumstances.

Our approach is principles based (and outcomes focussed) rather than prescriptive – the lender must make a reasonable assessment in the individual case but we do not dictate how this be done. This is consistent with our regulatory philosophy more generally, of setting out broad principles – including 'treating customers fairly' – and giving firms discretion on how to achieve these."

I believe the checks ASDA Money completed were reasonable and proportionate, and there is nothing in the information it considered which should have prompted additional enquiries. Therefore, I am satisfied that it was not unfair of ASDA Money to provide Mr D with the credit card.

Mr D had some existing credit arrangements through other providers, and the CRA report detailed these. At the time of the application, the CRA records Mr D's indebtedness as £723. There were no arrears on any of these accounts at the time ASDA Money considered the data. So, again, this doesn't raise any concerns in respect of over indebtedness or an ability to manage the credit.

In respect of Mr D's management of the ASDA Money account, I have seen data from when the credit account was first reported to the CRA (December 2023) through to April 2025, and there is nothing there which is indicative of financial difficulties. Mr D states he incurred fees and charges as a consequence of his inability to maintain the account; however, during this time Mr D was often paying more than the minimum payment each month, which demonstrates affordability of the credit. I can see no evidence of missed or late payments, which could have resulted in additional fees being debited to the account. Clearly, costs relating to interest have been incurred, but I am satisfied Mr D would have understood both the interest rate and the way in which credit cards operate, before entering into the agreement, as he was a reasonably experienced borrower at the time.

The contact notes provided by ASDA Money show Customer Service communications sent to Mr D in February 2025 and June 2025 highlighting he had made a series of small payments, and that this may increase the time taken to clear the balance. Mr D was encouraged to adjust future payments and was provided with a link to the Money Advice Service.

Rules about persistent debt were introduced by the FCA in 2018 and set out that persistent debt is when someone has paid more in interest, fees and charges than they've repaid of the capital on their account over a period of 18 months. The rules require lenders to write to affected customers in the first instance. At this stage, the communication is intended to educate the customer in respect of the consequences of not increasing payments and encourages contact with the lender to discuss options.

I am satisfied therefore that ASDA Money have acted appropriately in raising awareness with Mr D as he reached the 18-month threshold. I understand Mr D may currently be experiencing financial difficulties and, given what ASDA Money is now aware of, I want to remind it of its obligations to exercise forbearance moving forward. And I would encourage Mr D to get in touch with ASDA Money to discuss any difficulties he's facing.

So, overall, whilst I am sorry Mr D has encountered difficulties because of his use of credit, I don't believe ASDA Money should have been expected to do any more than it did when agreeing to provide the credit card to Mr D.

In reaching my conclusions, I've also considered whether the lending relationship between ASDA Money and Mr D might have been unfair to Mr D under section 140A of the Consumer Credit Act 1974 ("CCA"). However, for the reasons I've already explained, I'm satisfied that ASDA Money did not lend irresponsibly when providing Mr D with the credit card. 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.

So, while it'll likely come as a disappointment to Mr D, I won't be upholding his complaint against ASDA Money for the reasons explained above.

My final decision

It follows that I'm not upholding this complaint as I don't think JAJA Finance Limited trading as ASDA Money lent to Mr D irresponsibly or unfairly.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 22 December 2025.

David Hilton
Ombudsman