

The complaint

Miss G is complaining that JD Williams & Company Limited (JDW) lent to her irresponsibly by providing her with, and then increasing the credit limit on, a catalogue shopping account.

What happened

In July 2016, Miss G opened an account with JDW. They approved an initial credit limit of £125. JDW subsequently increased the credit limit several times, between November 2019 and April 2021, as follows:

Credit limit increase	Date applied	Credit Limit
1	December 2019	£225
2	January 2020	£400
3	February 2020	£600
4	March 2020	£900
5	July 2020	£1,300
6	July 2020	£1,500
7	December 2020	£1,750
8	April 2021	£2,000

Miss G complained to JDW in April 2025. She said JDW hadn't assessed affordability appropriately and had continued to offer her credit despite evidence that she was unable to sustainably manage the debt. She said she was experiencing severe financial instability as well as mental health challenges at the time. Miss G also complained that her account had been sold to a third party whilst she was in an active repayment arrangement with JDW. And she said JDW had taken a payment from her after the debt had been sold.

In response, JDW said that they'd carried out appropriate checks before lending to Miss G. And they said they'd transferred the account to a third party because they are better equipped to handle interest-free repayments. They said they'd done this in line with their terms and conditions. So JDW didn't uphold Miss G's complaint.

Miss G remained unhappy, so she brought her complaint to our service and one of our investigators looked into it. Our investigator's view was that JDW had carried out enough checks before opening the account and before each of the credit limit increases up to £1,300. She said they should have done more checks before increasing the limit to £1,500 and above – but she thought if they had done more checks they'd have found the limit increases would likely be affordable. Our investigator said she didn't think JDW had acted

unfairly in selling the debt to a third party, and, in summary, didn't uphold Miss G's complaint.

Miss G wasn't happy with our investigator's view. In summary, she said:

- Her mental health conditions and vulnerability might not have been disclosed to JDW but should have been apparent from her use of credit, particularly given the number of credit limit increases in a short period of time.
- The investigator's calculation of her average disposable income doesn't reflect her actual situation at the time.
- The investigator hadn't addressed her complaint about the payment being taken after the debt was sold.
- The multiple limit increases, lack of thorough affordability checks, signs of financial distress and poor handling of the debt once sold all point towards this being an unfair relationship as defined in the Consumer Credit Act (CCA).

Miss G asked for an ombudsman's decision and the matter came to me. I issued a provisional decision explaining why I didn't think the complaint should be upheld. In that provisional decision, I said:

"Account opening

Miss G's account was opened with a low credit limit of £125. JDW aren't able to provide any evidence of the checks carried out at the time. Given the low credit limit, I wouldn't have expected checks to have been extensive. But I would have expected JDW to gather some information about Miss G's credit history and financial circumstances before opening the account.

Unfortunately, Miss G's been unable to provide any documentary evidence of her financial circumstances at the time. She's told us she was signed off work in mid-2016 and explained the health challenges she had. She's also said she might have had adverse markers on her credit file. I do appreciate the challenges Miss G's experienced, and I don't doubt her testimony. However, the information she's provided is vague in respect of timeframes and in respect of her credit history. So, I can't say JDW shouldn't have opened Miss G's account in July 2016.

Credit limit increases 1 to 4

JDW increased Miss G's credit limit four times between December 2019 and March 2020, up to £900. Each time, they looked at her credit file information and at the way she'd used her JDW account. In the context, I'm satisfied these checks were sufficient. Miss G had made very few purchases on the account, was paying more than the minimum payment, and had no recent adverse information on her credit file – the most recent default had been towards the end of 2016. Even if Miss G used the full credit limit of £900, it was likely the repayments would have been affordable for her. And so I don't think JDW acted unfairly or unreasonably in increasing Miss G's limit each time.

Credit limit increases 5 and 6

JDW increased Miss G's credit limit to £1,300 and then £1,500 in quick succession. Again, there was no adverse information on her credit file, and Miss G had been making payments above the minimum required on this account.

But the credit limit was starting to become more significant. And if Miss G used the full amount of the limit her payments would need to be a lot more than she was already paying. JDW didn't have any information about Miss G's income or essential expenditure. And at this level of credit limit, I'm inclined to say they couldn't assume that repayments would be affordable for Miss G. So, JDW should have carried out additional checks to understand more about Miss G's financial circumstances.

I've reviewed Miss G's bank statements for the months leading up to these two credit limit increases. I'm not saying JDW should have reviewed Miss G's bank statements – but they give a good indication of what JDW would have found if they had done more checks. Having done so, I can see Miss G had a regular salary and was also receiving some benefits. On average, her total income was around £1,800 per month.

The bank statements show little in the way of committed regular expenditure but suggest Miss G was likely paying around £400 per month in rent, around £200 per month to existing creditors, and around £140 per month for communications bills. She's told us she was also making contributions for other bills. Once these and food costs are factored in, I'm satisfied Miss G would still have had enough disposable income to repay JDW within a reasonable period.

Miss G has described her health challenges during this time and said while much of her spending wasn't essential it reflects a pattern of impulsive behaviour and financial self-harm. I've thought about whether JDW would have become aware of this if they'd carried out reasonable and proportionate checks. But, for the limit they made available to Miss G, and in the context of her credit history and account management history, the most I'd have expected them to do would have been to verify Miss G's income and ask her how much she spent on rent and perhaps bills each month. The spending pattern on Miss G's JDW account isn't indicative of someone who was spending compulsively, and Miss G didn't appear to have high levels of credit from other providers. So, I can't say JDW should have been aware of Miss G's vulnerability or of any compulsive spending.

Taking everything together then, I'm satisfied that if JDW had carried out reasonable and proportionate checks, they could fairly have decided to increase Miss G's credit limit to £1,500 at this time.

Credit limit increase 7

In November 2020, JDW increased Miss G's credit limit to £1,750. There was still no adverse information on the credit report they obtained. But Miss G was now mostly making minimum payments towards her JDW account. She had also started using it more – though her utilisation was always well within the limit. And a few months had passed since the previous credit limit increase. So JDW should have carried out more checks than they did.

However, having reviewed Miss G's bank statements, I can see her financial circumstances were broadly the same as they had been earlier in the year. And the credit limit increase wasn't so significant that JDW needed to dig deeper into Miss G's circumstances. So, I'm satisfied that if JDW had carried out reasonable and proportionate checks, they could have fairly decided to increase Miss G's credit limit to £1,750.

I do appreciate Miss G has been through a difficult time and I'm aware that this outcome will be disappointing for her. I realise that JDW increased her credit limit quickly at a time when she was vulnerable. But I can't say JDW ought to have acted differently – I can't say her vulnerability ought to have come to light through reasonable and proportionate checks.

Credit limit increase 8

Miss G's balance never exceeded £1,750. She didn't make use of the credit limit increase up to £2,000 and hasn't suffered any loss as a result of it. I therefore don't need to consider whether JDW's decision to increase the limit to £2,000 was fair.

Have JDW acted unfairly in any other way?

I've reviewed the account history and contact notes, and I'm satisfied JDW treated Miss G fairly and reasonably once she started to struggle with making payments on the account. And I can't say they shouldn't have sold her debt to a third party – they're allowed to do that.

Miss G has also complained that JDW took a payment from her after they'd sold the debt to a third party. I can see from their records that the last payment received by JDW was in late March 2025, for £35. Although the debt was technically sold before that, JDW's records show that the transfer wasn't completed until early May 2025. They show that the balance transferred was around £1,409, and that amount took into account the £35 payment made in late March. So I'm inclined to say JDW haven't done anything wrong in this respect.

I've also considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think JDW lent irresponsibly to Miss G or otherwise treated her 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."

JDW didn't reply to my provisional decision, but Miss G did. She explained again her circumstances in mid-2016, saying that at the time she'd been signed off work and was relying on benefits and student finance as well as borrowing from personal contacts. She also described the mental health challenges she was experiencing and provided some evidence of her circumstances.

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 not been persuaded to change my mind. I do realise this will be disappointing for Miss G, but I'll explain my reasons.

Miss G's points relate primarily to the account opening. She reiterated that she wasn't well at the time and that this was impacting her financial situation. Having seen the medical evidence she's submitted, I can appreciate how difficult a time this must have been for her and I'm sorry to hear she went through this.

However, given the credit limit JDW set when opening the account, I wouldn't have expected them to do more than a credit check and an income check. I understand that Miss G stopped working during 2016 due to illness. But I still don't have an indication of when that was. And, even if I did, I think it's highly likely she'd still have had enough income from benefits for JDW to decide that the credit limit they set would be affordable.

One of the documents Miss G submitted does refer to a goal of Miss G being control of her finances and managing the risk of financial deprivation. This document is dated

January 2017 and doesn't give any more detail than that. Whilst it does suggest Miss G was having some trouble with her finances, it was six months after JDW's initial lending decision and doesn't give any idea of the extent of any financial difficulties.

In relation to JDW's lending decisions, I explained in detail in my provisional decision why I thought these were fair and reasonable in the circumstances. The information Miss G's now sent doesn't change that.

In summary, whilst I do understand why Miss G thinks JDW shouldn't have lent to her, I can't fairly say they ought to have been aware of her vulnerabilities. And so I can't uphold her complaint.

My final decision

As I've explained above, I'm not upholding Miss G's complaint about Shop Direct Finance Company Limited trading as JDW.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss G to accept or reject my decision before 20 May 2026.

Clare King
Ombudsman