

The complaint

Mr W complains that Frasers Group Financial Services Limited trading as Frasers Plus (Frasers) acted irresponsibly when they agreed to lend to him as he said he was already overly indebted.

What happened

Around July 2024 Mr W applied for a revolving credit facility (catalogue account) with Frasers. His application was successful with Frasers opening the facility with a credit limit of £600. Mr W complained to Frasers saying they hadn't sufficiently checked his ability to sustain the repayments, as if they had they would have seen he was already heavily indebted.

Frasers said they'd used application, credit reference agency (CRA) and statistical data to assess the affordability of the lending. And based on these checks said they'd made a fair lending decision as these showed Mr W had sufficient disposable income to sustain the repayments. And they hadn't seen any signs of financial vulnerability such as missed payments, defaults or county court judgments.

Mr W wasn't happy with Frasers response and referred his complaint to us.

Our investigator said Frasers checks were reasonable and proportionate. And that they'd made a fair lending decision. While Mr W had shown his financial situation had worsened, at the time of the lending there wasn't any evidence to show Mr W couldn't sustain the repayments for his Frasers account. They didn't ask Frasers to do anything differently.

Mr W didn't agree and asked for his complaint to be decided by an ombudsman.

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 I empathise with the position Mr W now finds himself in, for me to say Frasers must do something different I must first be satisfied that they've done something wrong. I can't see that they have here which is why I won't be asking them to do anything else.

I've carefully thought about everything that has been said and provided by both parties, I won't comment on everything in my decision. This is not intended as a discourtesy to either party, but it reflects the informal nature of this service in resolving disputes.

I've considered the relevant rules and guidance on responsible lending set by the regulator, laid out in the consumer credit handbook (CONC). In summary, these say that before Frasers offered the credit facility, they needed to complete reasonable and proportionate checks to be satisfied Mr W would be able to repay the debt in a sustainable way.

There isn't a set list of checks a lender must do. But in deciding what was proportionate Frasers needed to consider things such as (but not limited to): the amount of credit, the size

of any regular payments (taking into consideration the rules and guidance in CONC relating to assumptions concerning revolving credit), the cost of credit and the consumer's circumstances.

CONC says a lender should take reasonable steps to estimate a consumer's income and non-discretionary spending. And must base its creditworthiness assessment on sufficient information of which it is aware at the time this is carried out. This information should be obtained where appropriate, from the consumer, and where necessary from a CRA.

CONC says a lender shouldn't generally solely rely on a consumer's declared income but should seek validation from an independent source such as a CRA or third party. And allows for the use of statistical data in determining the consumers non-discretionary spending.

What's important to note is that Mr W was provided with a revolving credit facility rather than a loan. As it was revolving credit there's no set amount that needed to be repaid each month, but CONC requires a lender to assume when carrying out their assessment that the entire credit limit is drawn down at the earliest opportunity and repaid in equal instalments over a reasonable period. So, I think Frasers could have reasonably assumed Mr W would need to be able to pay around £30 each month to settle any outstanding balance within a reasonable period. I've considered the checks Frasers did.

Frasers said they used application, CRA and statistical data to assess Mr W's credit worthiness. I can see Mr W said he lived with his parents and had an annual income of £63,000. Frasers said they'd used a standard industry tool, Current Account Turn Over (CATO) to verify Mr W's income and this was found to align with Mr W's declared amount. So, I'm satisfied it was reasonable for Frasers to use Mr W's verified income in their assessment.

Frasers CRA check showed Mr W had monthly revolving credit commitments of £451, and non-revolving credit commitments of £777. At the time of the lending Mr W's credit check showed he was managing his active accounts well, being up to date with no evidence of missed payments, registered defaults or county court judgments.

While the ability to repay credit without issue doesn't mean that there isn't financial distress. A good repayment history is a fairly reliable indicator that an individual can manage debt responsibly. And the opposite is also usually the case, if credit is unaffordable this is usually demonstrated by a problematic repayment history, either to the credit or other bills.

Frasers has shown they used statistical data to determine Mr W's other non-discretionary spending and his day to day living costs. This considered utilities, council tax, housekeeping, travel, telephone, ground rent, household goods and repairs, personal and insurance expenditure.

So, I'm satisfied Frasers checks were reasonable and proportionate and showed they'd took reasonable steps to determine Mr W's income and non-discretionary spending, for what was a relatively low amount being borrowed. And I don't think that there was anything immediately obvious in the information that they had, including Mr W's existing credit, which meant they shouldn't rely on it.

So, I don't think Frasers needed to have asked Mr W to provide further evidence in support of his income and expenditure before providing him with a credit limit in this instance. As outlined above to sustain his repayments Mr W would need to be able to pay around £30 each month. Based on these checks Mr W should have had a monthly disposable income of around £674, sufficient for him to sustain the repayments. So, I'm satisfied Frasers made a fair lending decision.

I understand Mr W's financial circumstances may differ from the time the lending was agreed. But I can't hold Frasers to account in hindsight for something that happened after they agreed to lend to him.

Although I'm not upholding this complaint, I'd like to remind Frasers of their obligation to exercise forbearance if they intend to collect any outstanding balance remaining on the account and it's the case that Mr W is experiencing financial difficulty.

I've also considered whether Frasers acted unfairly or unreasonably in some other way given what Mr W has complained about, including whether their relationship with him might have been viewed as unfair by a court under Section 140A Consumer Credit Act 1974. But for the reasons I've already given I don't think Frasers lent irresponsibly or otherwise treated Mr W unfairly. I haven't seen anything to suggest that s.140A or anything else would, given the facts of this complaint, lead to a different outcome here.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 16 February 2026.

Anne Scarr
Ombudsman