

The complaint

Mr K says Tymit Ltd ('Tymit'), irresponsibly lent to him. He says that it didn't take reasonable steps to ensure he could afford the repayments towards a credit card. He says that he has been financially disadvantaged by making the repayments to the agreement and he should receive compensation for this.

Mr K's complaint has been brought by a representative and I've referred to Mr K and the representatives' comments as being from Mr K for ease of reading.

What happened

Mr K's complaint is about a credit card agreement that he took out in February 2020. Both Mr K, and Tymit, have been unable to provide the credit card agreement. But Mr K's credit file shows that he started the card in February 2020, and it had a credit limit of £3,200. I've not been provided with information that shows this was increased.

Mr K has complained to Tymit saying that the card was lent irresponsibly. Tymit didn't consider the complaint before Mr K brought it to the Financial Ombudsman Service. And going forward Tymit hasn't considered the complaint at all, or provided any substantive information about the card, to the Financial Ombudsman Service.

Our Investigator upheld Mr K's complaint. She thought the card shouldn't have been approved as Mr K has provided some information that showed he was in financial difficulty at the time.

Tymit didn't agree with the Investigator. It said it had conducted an extensive review of the complaint, but it didn't provide any detail about this review. It said it would provide its business file in due course and asked that our Investigators outcome was reconsidered. A reasonable time has now passed since Tymit said this, but it hasn't provided any further information. Because Tymit didn't agree, this matter has been passed to me to make a final decision.

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.

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 Tymit complete reasonable and proportionate checks to satisfy itself that Mr K would be able to repay the credit in a sustainable way?
 - a. if so, did Tymit make a fair lending decision?
 - b. if not, would reasonable and proportionate checks have shown that Mr K could sustainably repay the borrowing?

2. Did Tymit act unfairly or unreasonably in some other way?

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

Did Tymit complete reasonable and proportionate checks to satisfy itself that Mr K 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 credit being applied for, as well as the borrowers' personal circumstances at the time of each application.

Tymit hasn't provided anything to evidence the checks it carried out. It's reasonable to assume it did make some checks, but without any information about them I can't be satisfied that these checks were reasonable and proportionate.

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

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

Mr K has provided an up-to-date copy of his credit report. As this also shows historic data, I'm satisfied this will give a good indication of what Tymit would've seen if it had asked for information about his other lending when it considered his card application.

Our Investigator outlined the credit that was on the report which Mr K had at the time. A summary of this is that he had credit card and mail order accounts with balances of about £17,500. This was spread over eight accounts. And he also had about £12,500 in other unsecured loans. I can see repayments to a mortgage lender on his bank statements. I think it's reasonable to say he already had a significant amount of debt.

Mr K has also provided copies of his bank statements for the period before the card was approved. While I wouldn't necessarily have expected Tymit to have asked Mr K for copies of these, I'm satisfied that these statements would give a good indication of what it would likely have seen about Mr K's income and committed expenditure.

As our Investigator outlined, these show that Mr K was receiving around £3,000 a month from income and benefits. But his regular fixed expenditure, to things such as a mortgage repayment, and the repayments to his debt, were usually significant and could be higher than his income. I appreciate they could vary, but overall, it does seem that he had very little, if any spare income at the time the card was approved.

Added to this, the bank statements do support, to some degree, what he says about borrowing to repay other debt. And Mr K was having problems managing his overdraft, he was paying daily fees to this.

Overall, I think the information I've been provided shows that Mr K was potentially in financial difficulty. I think these factors make it unlikely that Mr K would be able to sustainably repay the new card. And Tymit would have seen this if it had made proportionate checks and so it now needs to put things right.

I appreciate that there is some uncertainty about Mr K's circumstances and that Tymit hasn't provided any substantive information, or comment, throughout the whole of this process. But, as a starting point, I think I have enough information to make a fair decision.

And if Tymit did want to have more input into the complaint, other than simply saying it disagreed, it could have done so. It has been aware of Mr K's complaint since October 2023, and it has been fully informed about the Financial Ombudsman's investigation. It's not said why it hasn't engaged over almost two years, as it should have done and is required to do under the regulator's rules. But it has had the opportunity to do this. So, I don't think it's unfair to issue a decision using the information I have been provided by Mr K.

Did Tymit act unfairly or unreasonably in some other way?

I've considered whether the relationship between Mr K and Tymit might have been unfair under section 140A of the Consumer Credit Act 1974. However, I'm satisfied the redress I have directed should be carried out for Mr K results in fair compensation for him in the circumstances of this complaint. I'm satisfied, based on what I've seen, that no additional award would be appropriate in this case.

Putting things right

As I don't think Tymit ought to have opened the account, I don't think it's fair for it to be able to charge any interest or charges under the credit agreement. But I think Mr K should pay back the amounts he has borrowed. Therefore, Tymit should:

- Rework the account removing all interest, fees, charges and insurances (not already refunded) that have been applied
- If the rework results in a credit balance, this should be refunded to Mr K along with 8% simple interest per year* calculated from the date of each overpayment to the date of settlement. Tymit should also remove all adverse information regarding this account from Mr K's credit file
- Or, if after the rework there is still an outstanding balance, Tymit should arrange an affordable repayment plan with Mr K for the remaining amount. Once Mr K has cleared the balance, any adverse information in relation to the account should be removed from their credit file

*HM Revenue & Customs requires Tymit to deduct tax from any award of interest. It must give Mr K a certificate showing how much tax has been taken off if he asks for one. If it intends to apply the refund to reduce an outstanding balance, it must do so after deducting the tax.

My final decision

For the reasons I've explained, I uphold Mr K's complaint. Tymit Ltd should put things right by doing what I've said above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 16 December 2025.

Andy Burlinson
Ombudsman