

The complaint

Mrs H has complained that Shop Direct Finance Company Limited, trading as Very, were irresponsible in opening a credit card account and subsequently increasing the credit limit.

What happened

Very provided Mrs H with a credit card in October 2018 with a limit of £2,000. This limit was increased six times over the following months and years, with the highest limit reaching £8,000 in September 2023.

Mrs H says the lending decisions were irresponsible. She says the checks carried out were insufficient and a more thorough check would have revealed that the required repayments were unaffordable.

Very reviewed Mrs H's complaint and didn't uphold it. They were satisfied that appropriate checks were carried out at the point of opening the account and all subsequent credit limit increases. They felt that there was no indication that the repayments were unaffordable.

An investigator then reviewed the merits of Mrs H's complaint, but didn't recommend it be upheld.

Mrs H disagreed with our investigator's opinion. In summary she felt that a more thorough check would have shown this to be unaffordable, as she relied on various benefit payments as her only source of income, including a disability allowance payment (DLA) made to Mrs H as carer for her disabled daughter.

Because an agreement couldn't be reached, the complaint has been 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'm not upholding this complaint. I know this will disappoint Mrs H, so I'll explain why.

In reviewing this complaint, I've only considered matters that occurred before the final response letter was issued, in line with the rules this service must follow.

The rules and regulations in place at the time Very provided Mrs H with the credit card, and subsequently increased the limit, required them to carry out a reasonable and proportionate assessment of whether she could afford to repay what she owed in a sustainable manner. This is sometimes referred to as an 'affordability assessment' or 'affordability check'.

The checks had to be 'borrower' focused. This means Very had to think about whether repaying the credit sustainably would cause difficulties or adverse consequences for Mrs H. In other words, it wasn't enough for Very to consider the likelihood of them getting the funds back – they had to consider the impact of any repayments on Mrs H.

Checks also had to be 'proportionate' to the specific circumstances of the lending. In general, what constitutes a proportionate affordability check will be dependent on a number of factors including – but not limited to – the particular circumstances of the consumer (e.g.

their financial history, current situation and outlook, any indications of vulnerability or financial difficulty) and the amount/type/cost of credit they were seeking. I've kept all of this in mind when thinking about whether Very did what they needed to before providing the credit card and subsequently increasing the credit limit.

Mrs H has provided a lot of information, including bank statements, to this service and I'd like to thank her for that. Although I will not refer to everything below, Mrs H can be assured that I have considered all of the evidence supplied, but will only comment on the key elements relevant to my decision.

I also note that Mrs H has made reference to other complaints brought to this service, however I'm reviewing the circumstances of this case on its own individual merits.

Very used information declared by Mrs H in her application and used data supplied by a credit reference agency (CRA) to help them see whether the credit was affordable for Mrs H.

In her application Mrs H declared an annual salary of £19,501. The information Very obtained showed Mrs H was up to date with other credit and no adverse information recorded.

Using all the information they had at the point of opening the credit card account, Very concluded that the required repayments each month, should Mrs H use the maximum credit available, would be affordable.

Having considered this, the checks carried out didn't reveal anything problematic. However in the circumstances and considering what they were proposing to lend, I'd have expected Very to understand more about Mrs H's committed non-discretionary expenditure at the time before lending.

But having reviewed Mrs H's bank statements and done my own review, further checks would likely have confirmed their decision that the credit would appear to be affordable. So, I don't think Very treated Mrs H unfairly by applying the opening credit limit.

From this point on, I am only going to focus on the first five credit limit increases, culminating in December 2022, when the credit limit was increased to £7,000. I do this because at no point did Mrs H's balance exceed this amount and therefore, if I were hypothetically to decide that the subsequent increase was unaffordable, Mrs H will not have suffered any detriment.

On each occasion, prior to increasing Mrs H's credit limit, Very performed similar checks to when they first provided credit. Each time, the CRA checks showed no missed payments or defaults and no pay-day loans. As I understand it, Very didn't take steps to gather updated information from Mrs H about her income.

Mrs H appeared to be managing her account well; regularly making payments that were well above the minimum required, and I see this is a positive indicator of affordability.

Whilst the account was being managed well and there were no signs of issues, considering that the credit limit increased multiple times to much higher amounts, over a number of years, I think Very ought to have taken steps over this period to get an updated understanding of Mrs H's income and committed non-discretionary expenditure.

In reaching my decision, I have again carried out my own income and expenditure review, using the bank statements provided by Mrs H, for each of these five credit limit increases.

Throughout this period, Mrs H's income was fairly consistent, broadly averaging in excess of £2,700 per month. When calculating affordability, I have then also calculated Mrs H's committed non-discretionary expenditure visible on her bank statements.

Having done so, I think that if Very had carried out further checks, they would likely have revealed that Mrs H was left with enough disposable income to sustainably afford the credit limit increases.

Mrs H has argued passionately that part of her income should not be included in these assessments, specifically a monthly disability allowance being received on behalf of her daughter.

I understand Mrs H's view, but having considered the circumstances in this case, ultimately I disagree. I say that because there is no evidence of that allowance being transferred into a separate account, so it is reasonable to expect that some of Mrs H's monthly expenditure covers living expenses for her daughter. Therefore, if the outgoings include those for her daughter in my calculations, so must the income.

I wanted to respond specifically on that point because I know Mrs H feels very strongly that it should be excluded. It is also important for Mrs H to know however, that if I did remove that allowance from her monthly income, my decision would still be the same, because she would still be left with a disposable income that would appear to Very, to be affordable.

So while it will come as a disappointment to Mrs H, I don't think Very irresponsibly provided credit here, for the reasons explained above.

In reaching my conclusions, I've also considered whether the lending relationship between Mrs H and Very might have been unfair to Mrs H under Section 140A of the Consumer Credit Act 1974 ("CCA"). However, for the reasons I've already explained, I'm satisfied that Very did not lend irresponsibly when providing Mrs H with the credit card or when they increased the limit, or otherwise treated her unfairly in relation to this matter. And I haven't seen anything to suggest that Section 140A of the CCA would, given the facts of this complaint, lead to a different outcome here.

Separately, whilst I'm not upholding this complaint, I would remind Very of its obligations to treat Mrs H with forbearance moving forward, and I would encourage Mrs H to keep in contact with Very about her circumstances.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H to accept or reject my decision before 3 February 2026.

David Barker
Ombudsman