

The complaint

Miss B complains that Shop Direct Finance Company Limited trading as Very (SDFC) acted irresponsibly by lending to her.

What happened

Around February 2023 Miss B applied for a revolving credit facility (catalogue account) with SDFC. Her application was successful and SDFC opened the account with a credit limit of £600. Around May 2024 and January 2025 Miss B applied for credit limit increases, SDFC agreed, and Miss B's credit limit was increased incrementally to £700 and then to £800. After review SDFC reduced Miss B's credit limit back to £700 around March 2025. Miss B complained to SDFC saying they hadn't sufficiently checked whether she could afford the credit facility. And if they had they would have seen she was heavily indebted with a loan, several credit cards and that she was using her overdraft persistently on two of her current accounts.

SDFC said their checks had been reasonable and proportionate for the type and amount of credit Miss B was provided with. And based on these checks they'd made a fair lending decision. They also said as Miss B hadn't used her credit limit above £600, they hadn't considered her credit limit increases as they hadn't caused her any financial detriment.

Miss B wasn't happy with SDFC's response and referred her complaint to us.

Our investigator said SDFC's had been reasonable and proportionate. Their checks showed Miss B was managing her active credit commitments and should have had sufficient disposable income to sustain the repayments. So didn't ask SDFC to do anything differently.

Miss B disagreed with our investigator's outcome. She said there were signs she was financially vulnerable having arrears showing on her credit file. And had SDFC checked her bank statements they would have seen she didn't have any disposable income to sustain the repayments. Miss B asked for an ombudsman 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.

I appreciate my decision will disappoint Miss B but having done so I'm not upholding her complaint. I'll explain why.

Firstly, as Miss B hasn't used the credit limit increases there hasn't been any financial detriment caused to her. So, in reaching my decision I will only be considering the account opening credit limit of £600.

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 SDFC offered the credit facility they needed to complete reasonable and proportionate checks to be

satisfied Miss B would be able to repay the debt in a sustainable way.

In deciding what was proportionate SDFC 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.

What's important to note is that Miss B 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. SDFC was approving a credit limit of £600. So, I think they could have reasonably assumed Miss B would need to be able to pay around £30 each month to clear any outstanding balance within a reasonable period.

There isn't a set list of checks a lender must do. CONC says a lender needs to take reasonable steps to estimate a consumer's income and non-discretionary expenditure. It says that generally a lender shouldn't solely rely on a consumer's declared income but seek validation through an independent source such as a credit reference agency (CRA) or third party. I've looked at the checks SDFC did and what these showed.

SDFC said they'd used Miss B's application and CRA data. From Miss B's application she'd declared she worked full time with an annual salary of £19,501 and that she was living with her parents. SDFC cross checked this with a CRA. From the CRA check they assessed Miss B had unsecured debt of £5,934, which included an unsecured loan. And showed she'd been two months in arrears and had an arrangement to pay in the preceding 24 months. But it also showed that none of her accounts had been in arrears for 10 months, nor had there been any credit searches made for credit cards or mail order accounts in the previous 12 months.

It may help to explain here that, while adverse information on someone's credit file may often mean they're not granted further credit – it doesn't automatically mean that a lender won't offer borrowing. Here, SDFC considered the information that Miss B had on her credit file. This showed while she'd had previous payment issues Miss B was now managing her credit commitments, being up to date with no arrears for around 10 months.

I accept that Miss B's circumstances might have been worse than what the information SDFC obtained showed. And I've considered Miss B's comments about where she was living. But I must consider what SDFC would have been aware of at the time of her application. I can't hold SDFC to account for something they wouldn't have known. And from SDFC's checks I don't think that there was anything immediately obvious in the information that they had, including Miss B's existing credit, which meant they shouldn't rely on it. And given the type and amount of credit being provided I think any further checks would have been disproportionate. So, I don't think SDFC should have asked Miss B to provide further evidence in support of her expenditure such as bank statements, before considering a credit limit of £600 in this instance.

I've considered whether based on these checks SDFC made a fair lending decision. And I think they did. Miss B had a monthly salary that would equate to around £1,440 a month. She'd unsecured debt of £5,934 which would most likely equate to active credit commitments of around £300 a month (to clear within a reasonable period). Miss B said she lived with her parents so it's not unreasonable for her non-discretionary spending for household costs to be considered relatively low. And she was managing her active credit commitments having been up to date for around 10 months. As outlined above the new lending was for a relatively low amount and would have seen an additional expenditure of

around £30 a month. And from SDFC's checks I think Miss B should have had sufficient disposable income to sustain the repayments.

So I'm satisfied SDFC's checks were reasonable and proportionate, and based on these checks they made a fair lending decision. I appreciate my decision will disappoint Miss B but I hope my reasoning explains why I can't ask SDFC to do anything differently.

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

I've also considered whether SDFC acted unfairly or unreasonably in some other way given what Miss B has complained about, including whether their relationship with her 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 SDFC lent irresponsibly to Miss B or otherwise treated her 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 Miss B to accept or reject my decision before 7 January 2026.

Anne Scarr
Ombudsman