

## **The complaint**

Shop Direct Finance Company Limited (“Shop Direct”) initially provided Miss D with a store card in December 2012. The credit limits have increased incrementally over the years until it reached £5,150 by April 2023. Miss D says the credit limit increases were provided irresponsibly as they were neither affordable nor sustainable as she was struggling financially.

For ease of reference, I will refer to Miss D when referring to her or her representative.

For clarity, Miss D has asked us to look at the lending decisions by Shop Direct that are within our jurisdiction. So in this decision I’ll be looking at the lending increases from March 2020 onwards.

## **What happened**

The details of this complaint are well-known to both parties, so I won’t repeat them again here. The facts aren’t in dispute, so I’ll focus on giving the reasons for my 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.

Having done so, I can confirm that I’ve reached the same conclusion as our investigator and for broadly the same reasons. I’ll explain my reasoning below.

I’m aware that I’ve summarised this complaint above in less detail than it may merit. No discourtesy is intended by this. Instead, I’ve focussed on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

If there’s something I’ve not mentioned, it isn’t because I’ve ignored it. I haven’t. I’m satisfied I don’t need to comment on every individual argument to be able to reach what I think is the right outcome. I will, however, refer to those crucial aspects which impact my decision.

Lastly, I would add that where the information I’ve got is incomplete, unclear or contradictory, I’ve to base my decision on the balance of probabilities.

We’ve set out our general approach to complaints about unaffordable or irresponsible lending on our website and I’ve taken this into account in deciding Miss D’s case.

I’ve decided the credit was provided fairly because:

- Whilst I agree with our investigator that the checks Shop Direct did before increasing Miss D’s credit limit each time weren’t reasonable and proportionate, I’ve based my

decision on the bank statements and copy of her credit report Miss D has provided to understand what her financial situation was like at the time.

- I've looked at each increase in credit limit from March 2020 when it was increased to £830 (from £430) to the last increase in April 2023 when it was increased from £4,150 to £5,150. I've considered what the bank statements and credit report showed about Miss D's financial circumstances at each juncture.
- On balance, I'm satisfied Miss D's statements and credit file showed she had a sufficient disposable income left each month in which to afford the credit afforded to her. There was no recent adverse information on Miss D's credit file such as defaults or delinquencies at the time of each credit limit increase, and which suggested she was managing her other credit commitments well.
- I've considered the further arguments Miss D has made since our investigators' view but it hasn't convinced me that the lending increases wouldn't have appeared affordable or sustainable for her when Shop Direct made the decisions to increase her credit limit.
- Whilst I understand the argument Miss D has made regarding ad hoc payments into her account that Shop Direct treated as income, I think it was right to do so. I say this as Miss D told us that payments from two of the third parties were maintenance payments for two of her four children. And despite one of these varying in amount each month, I think given the nature of the payments, there was a legal requirement, (albeit this may have been an informal arrangement), for the two parties to make these payments towards the upkeep of their children. And one of the payments on the whole was consistently £200 a month and the other fluctuated between approximately £500 to £600 a month. And so, in these circumstances, taken as a whole, they could be relied upon as regular income notwithstanding one of the amounts may have varied.
- Given the maintenance payments, the child benefits payments and DWP benefits payments going into Miss D's account each month, there appeared to be a sufficient disposable income left each month.
- Based on the information Shop Direct gathered and what it knew about Miss D's circumstances, there was nothing to suggest that Miss D was likely to be unable to sustainably repay the credit she was afforded in a reasonable period of time.
- I don't think Shop Direct acted unfairly in any way.

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 Shop Direct lent irresponsibly to Miss D 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.

I know this isn't the outcome Miss D hoped for. But for the reasons given above, I'm not asking Shop Direct to do anything to put things right.

Although I'm not upholding this complaint, I'd like to remind Shop Direct of its obligation to exercise forbearance and due consideration should it intend to collect any outstanding balance, considering what she's said about her current financial position and experiencing financial difficulty.

**My final decision**

My final decision is that I'm not upholding this complaint against Shop Direct Finance Company Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss D to accept or reject my decision before 17 February 2026.

Paul Hamber  
**Ombudsman**