

Complaint

Mr Q has complained about a credit card Jaja Finance Ltd (“Jaja”) provided to him. He says that he shouldn’t have been given the credit card and that it was irresponsibly provided to him.

Background

In November 2023, Jaja provided Mr Q with a credit card which had a limit of £2,800.00. Jaja didn’t provide Mr Q with any credit limit increases.

One of our investigators reviewed what Mr Q and Jaja had told us. And he thought Jaja hadn’t done anything wrong or treated Mr Q unfairly in relation to providing the credit card.

So he didn’t recommend that Mr Q’s complaint be upheld. Mr Q disagreed and asked for an ombudsman to look at the complaint.

My findings

I’ve considered all the available evidence and arguments to decide what’s fair and reasonable in the circumstances of this complaint.

Having carefully considered everything, I’ve decided not to uphold Mr Q’s complaint. I’ll explain why in a little more detail.

We’ve explained how we handle complaints about unaffordable and irresponsible lending on our website. And I’ve used this approach to help me decide Mr Q’s complaint.

Jaja needed to make sure it didn’t lend irresponsibly. In practice, what this means is Jaja needed to carry out proportionate checks to be able to understand whether Mr Q could afford to repay any credit it provided.

Our website sets out what we typically think about when deciding whether a lender’s checks were proportionate. Generally, we don’t think that it is necessarily unreasonable for a lender’s checks to be less detailed – in terms of how much information it gathers and what it does to verify it – in the early stages of a lending relationship.

But we might think it needed to do more if, for example, a borrower’s income was low or the amount lent was high. And the longer the lending relationship goes on, the greater the risk of it becoming unsustainable and the borrower experiencing financial difficulty. So we’d expect a lender to be able to show that it didn’t continue to lend to a customer irresponsibly.

Jaja says it agreed to Mr Q’s application after it obtained information on his income and carried out a credit search on him. And the information it obtained indicated that Mr Q would be able to make the, what it considered to be, the not especially large monthly repayment required to clear the balance that could be owed within a reasonable period of time.

On the other hand, Mr Q says that he shouldn’t have been lent to.

I've considered what the parties have said.

What's important to note is that Mr Q was provided with a revolving credit facility rather than a loan. And this means that Jaja was required to understand whether a credit limit of £2,800.00 could be repaid within a reasonable period of time, rather than in one go. I think it's fair to say that a credit limit of £2,800.00 did not require especially large monthly payments in order to clear the full amount that could be owed within a reasonable period of time.

I've seen the information Jaja obtained from Mr Q about his income and what was on the credit search carried out. Jaja says that Mr Q declared he had an annual income of £44,500.00. I understand that this is likely to have been cross checked against information from credit reference agencies and therefore, I'm satisfied that Jaja was entitled to rely on this declaration.

The credit search showed that Mr Q didn't have any significant adverse information – such as defaulted accounts or County Court Judgments – recorded against him either. This is the type of information that will result in many lenders having concerns about lending to a customer. I appreciate that Mr Q has referred to having other significant debts. However, the information in Jaja's credit checks suggested that the amount he already owed wasn't excessive. This is especially considering his income.

Furthermore, while Mr Q has provided a screenshot from a credit report showing that the status of one of his accounts had worsened in October 2023, I can't see that this was visible on Jaja's credit check. As it takes up to 90 days for credit reporting to update, I don't think that this is surprising.

For the sake of completeness and in an effort to reassure Mr Q, it might help for me to explain that even if Jaja had seen he was over the limit on a revolving credit account this in itself wouldn't mean he shouldn't have been lent to as he argues. Indeed, there is no prohibition on lending to a customer simply because they are over their agreed limit on an existing credit account.

At best, all Jaja knowing that Mr Q was over his limit on an existing account would have meant was that it would have needed to factor it into its lending decision. I think that this would have been done by Jaja finding out a bit more about Mr Q's living expenses. However, it's not even apparent to me that Jaja carrying out further enquiries in this way would have made a difference to its lending decision. I say this because the information Mr Q has provided doesn't clearly show that his non-credit related committed expenditure was significantly higher than the estimates that Jaja relied on.

So in these circumstances, I'm not persuaded that Jaja finding out more about Mr Q's living expenses would, in any event, have resulted in it determining that Mr Q would be unable to make the monthly payments he could have had to make as a result of using the credit available to him on this card. And as this is the case, even if Jaja had been aware that Mr Q was over his limit on a revolving credit account as he argues it should have been, I'm not persuaded that this would have seen it declining to lend to him.

In reaching my conclusions, I've also considered whether the lending relationship between Jaja and Mr Q might have been unfair to Mr Q under s140A of the Consumer Credit Act 1974 ("CCA").

However, for the reasons I've explained, I've not been persuaded that Jaja irresponsibly lent to Mr Q or otherwise treated him unfairly in relation to this matter. And I haven't seen

anything to suggest that s140A CCA or anything else would, given the facts of this complaint, lead to a different outcome here.

So overall and having considered everything I don't think that Jaja treated Mr Q unfairly or unreasonably in approving his application for a credit card. I appreciate this will be very disappointing for Mr Q. But I hope he'll understand the reasons for my decision and that he'll at least feel his concerns have been listened to.

My final decision

For the reasons I've explained, I'm not upholding Mr Q's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr Q to accept or reject my decision before 9 March 2026.

Jeshen Narayanan
Ombudsman