

Complaint

Miss H has complained about a credit card Marks and Spencer Financial Services PLC (trading as “M&S Bank”) provided to her. She says the credit card was irresponsibly provided as it was unaffordable for her.

Background

M&S Bank provided Miss H with a credit card with a limit of £2,500.00 in March 2025. The limit on the credit card was never increased. M&S didn’t uphold Miss H’s complaint. However, it agreed to refund the balance transfer fees that had been charged on the account. It also temporarily closed the account to any new spending.

One of our investigators reviewed what Miss H and M&S Bank had told us. And she thought M&S Bank hadn’t done anything wrong or treated Miss H unfairly in agreeing to provide her with a credit card. So she thought that what M&S bank had already done to put things right was fair and reasonable in all the circumstances and so didn’t recommend that Miss H’s complaint be upheld.

Miss H 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.

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 Miss H’s complaint.

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

M&S Bank needed to make sure it didn’t lend irresponsibly. In practice, what this means is M&S Bank needed to carry out proportionate checks to be able to understand whether Miss H 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 think it’s reasonable for a lender’s checks to be less thorough – 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.

M&S Bank says it initially agreed to Miss H’s application after it obtained information on her income as well as her monthly living costs and also carried out a credit search on her. And

the information obtained indicated that Miss H would be able to make the monthly repayments due for this credit card. On the other hand, Miss H says that she shouldn't have been lent to as she was in a poor financial position.

I've considered what the parties have said.

What's important to note is that Miss H was provided with a revolving credit facility rather than a loan. This means that M&S Bank was required to understand whether a credit limit of £2,500.00 could be repaid within a reasonable period of time, rather than all in one go. And a credit limit of £2,500.00 required relatively low monthly payments in order to clear the full amount owed within a reasonable period of time.

I've seen records of the information M&S Bank obtained from Miss H about her income and what was on the credit search carried out. M&S Bank says that Miss H declared an annual salary of £52,400.00 and that she was living with parents. M&S Bank's credit check showed that Miss H didn't have any significant adverse information – such as defaulted accounts or county court judgments - recorded against her. However, these checks did show that Miss H did have some existing debts - some of which were on credit cards.

Miss H says that she shouldn't have been lent to because of her existing debts. However, I note that this credit card had a 0% interest rate offers for balance transfers. And Miss H had the option of transferring some of her existing credit card debt, to a much lower interest rate, on to this account.

Indeed, I think that Miss H applied for this credit card in order to transfer existing balances on to this account at 0% interest. I'm therefore satisfied that Miss H was always likely to pay less interest than she would have done had the balances transferred stayed where they were, particularly as she's now been refunded the balance transfer fees, and she was therefore able to make larger inroads into her balance.

For the sake of completeness, I would add that even if M&S Bank did more here, I'm not persuaded that it would have made a different decision. I say this because at the absolute most it could be argued that M&S Bank needed to find out about Miss H's actual living expenses. However, I don't think that proportionate checks would have extended into obtaining bank statements - particularly as there is no requirement for a lender to obtain statements from a customer.

Nonetheless, having considered the evidence Miss H has provided, I don't think that M&S Bank obtaining further information on Miss H's non-credit related expenditure at the time and supplementing what it knew about her credit commitments, is likely to have led it to conclude that she did not have the funds to sustainably make the repayments due.

I've noted what Miss H has said about the evidence of her credit cycling. However, Miss H is relying on a copy of her full credit report when making these arguments. Lenders do not obtain a copy of a customer's full credit report when determining whether to lend to a customer. Typically, a lender will obtain a snapshot of what the customer owed, whether there was any significant adverse information – such as defaulted accounts or county court judgments - recorded against them and whether the customer is up to date with their payments on any active accounts at the time of the application. M&S Bank did that here.

Equally, I don't consider it fair and reasonable to expect it to have included information it couldn't have known about when making its lending decision. Furthermore, there was nothing on M&S Bank's credit check to indicate that Miss H was struggling to manage the credit she had. And when this is combined with the fact that M&S was entitled to rely on

what it determined to be Miss H's income, I'm satisfied that it was reasonably entitled to lend.

I've noted what Miss H has said about M&S Bank failing to offer appropriate help when she had difficulty. However, it has tried to change her payment date, refunded the late payments applied and hasn't added any interest on the account. Given it has now also refunded the balance transfer fees applied and placed Miss H where she'll only repay the amount she borrowed, I'm satisfied that it has fairly and reasonably to what Miss H has said about her difficulty making payment.

In reaching my conclusions, I've also considered whether the lending relationship between M&S Bank and Miss H might have been unfair to Miss H under section 140A of the Consumer Credit Act 1974 ("CCA").

However, for the reasons I've explained, I've not been persuaded that M&S Bank irresponsibly lent to Miss H or otherwise treated her unfairly in relation to this matter. And I haven't seen anything to suggest that section 140A CCA or anything else would, given the facts of this complaint, lead to a different outcome here.

Overall and having considered everything, while I can understand Miss H's sentiments and I'm sorry to hear about her situation, I think that M&S Bank carried out proportionate checks before providing this credit card to Miss H. But even if it could be argued that M&S Bank should have done more before lending, it doing more won't have seen it reaching a different decision.

This together with the fact that M&S Bank has already refunded all fees and charges added to the account, means that there is no reasonable basis for me concluding that it treated Miss H unfairly or unreasonably and I'm not upholding this complaint. I appreciate this will be very disappointing for Miss H. But I hope she'll understand the reasons for my decision and that she'll at least feel her concerns have been listened to.

My final decision

For the reasons I've explained, I'm not upholding Miss H's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 2 March 2026.

Jeshen Narayanan
Ombudsman