

The complaint

Mr F complains that Shop Direct Finance Company Limited (Shop Direct) acted irresponsibly when they agreed to lend to him.

What happened

This complaint is about a catalogue shopping account which Shop Direct provided in October 2023 with a credit limit of £750. This was increased in June 2024 to £1,250. Mr F has not complained about the account opening and initial credit limit increase but thinks the account became unaffordable from December 2024 when his credit limit was increased to £1,650. Mr F is also unhappy with the subsequent increase in August 2025 to £2,650. But as his balance didn't exceed £1,650 after this increase, he didn't lose out as a result of the final lending decision. As a result, all investigations have focused on the credit limit increase from December 2024.

Mr F says that Shop Direct increased this limit in December 2024 despite his financial situation worsening, as he already had multiple loans and credit cards and his bank statements showed significant gambling transactions. Mr F later entered into a debt management plan in October 2025, and Shop Direct brought his credit limit back down to £1,625.

Shop Direct say they considered the information provided in Mr F's application and checked Credit Reference Agency (CRA) data and found that the lending was fair.

Mr F wasn't happy with Shop Direct's response and referred his complaint to us. Our investigator found that the checks carried out prior to this increase weren't proportionate but that had such checks taken place then Shop Direct would most likely have found the lending was fair.

Shop Direct didn't dispute this position, but Mr F did. In summary, he said that the level of disposable income found wasn't fair considering his existing credit commitments, expenses as a father, and the fact that remaining funds were being spent on gambling. He says that other lenders have already upheld his complaint. He says the debt was later sold, although Shop Direct have confirmed this is not the case and the account was up to date with an outstanding balance of around £1,570 at the time of the complaint.

Ultimately a resolution wasn't reached, so the case 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.

While Mr F has provided detailed evidence of his complaint, and I've considered all the available information, I've not reflected every point that has been raised. No discourtesy is intended here, this is merely to reflect my informal role in deciding a fair and reasonable outcome. So, I've focused on what I think are the key issues of the complaint. If there is

something I haven't mentioned, it isn't because I've ignored it.

I've considered what both parties have said about Mr F's lending with Shop Direct. Having carefully considered everything, I think that Shop Direct acted fairly and reasonably.

The relevant rules, regulations, and guidance at the time of Shop Direct's lending decision required them to carry out proportionate checks. While there isn't a defined list of checks a lender needs to carry out, such checks should be proportionate, considering things like the type, amount, duration and total cost of the credit, as well as the borrower's individual circumstances. These checks needed to assess Mr F's ability to afford the loan being approved and to be able to repay it sustainably, without causing him financial difficulties or harm.

It isn't sufficient for Shop Direct to just complete proportionate checks, they must also consider the information obtained from these checks to make fair lending decisions. I've considered the checks Shop Direct did and what they found from these checks.

When Mr F first applied for his account in October 2023, he said he was employed full time with a salary of £36,501 per annum. Shop Direct haven't provided details of their assessment of Mr F's accommodation costs or living expenses, or updated income at the time of the credit limit increase in December 2024. Shop Direct reviewed Mr F's CRA data leading up to the December 2024 increase which shows he had 12 active accounts with a total unsecured balance of around £12,440. There were no late payments or evidence of new defaults or County Court Judgments.

Shop Direct also reviewed how Mr F had utilised his account with them. At the point of the December 2024 credit limit increase, Mr F had only made one Buy Now Pay Later (BNPL) purchase on his Shop Direct account for around £260, payments for which was not due until around the time of this increase. While this doesn't indicate financial difficulty or reliance on credit, it also hasn't built a clear picture of Mr F's management of his account.

Taking into account the higher level of lending compared to the account opening, and limited other information on Mr F's account with Shop Direct, I think that further information about his income and expenditure was needed here to show the lending continued to be affordable. I don't think the checks which Shop Direct carried out were reasonable and proportionate in the circumstances.

I've gone on to consider what reasonable and proportionate checks would have found. Mr F has provided bank statements leading up to the December 2024 increase. While I don't think that Shop Direct needed to request or review these statements, they give a good idea of what Shop Direct would have found had they asked for information about Mr F's income and expenses at the time.

Mr F was provided with a revolving credit facility, so the monthly repayable amount is variable. When thinking about sustainability, Shop Direct needed to consider whether Mr F could afford to repay the balance in full over a reasonable period of time. Mr F's bank statements show that he had a regular income of at least £3,275 per month including payments received by a third party to cover bills and rent. Mr F had regular monthly essential expenses, including existing credit commitments, of around £2,820 meaning he would have at least £455 of disposable income available. I think this was sufficient for the lending to be affordable.

Mr F has said that he didn't think the amount of disposable income was fair considering existing credit commitments and costs he had as a father. However, as this figure is from Mr F's actual spending, I think that it gives a fair picture of what he would most likely have said

his essential spending was at the time. While I acknowledge that Mr F has said that much of his disposable income was spent on gambling and that this was evident from his bank statements, I don't think that Shop Direct needed to review the bank statements themselves. As such, I don't think this would have been evident to Shop Direct based on reasonable and proportionate checks.

Mr F's account with Shop Direct had not had any missed payments and was not overutilized. CRA data also shows that he was managing his existing external credit well. It is also noted that this account offered payment options like BNPL, which gave the opportunity for interest to be avoided. Checks found that Mr F had sufficient disposable income to sustainably repay the credit limit offered in a reasonable time without causing him financial difficulties. As such, I think that had reasonable and proportionate checks been carried out, they would have found that the decision to increase Mr F's credit limit in December 2024 was fair.

Mr F says that a similar complaint was upheld by another credit provider and therefore this complaint should also be upheld. However, this complaint needs to be determined based on its own merits. In the circumstances of the current complaint, I've found that the lending decision was fair.

Separately, while I'm not upholding the complaint, I do want to remind Shop Direct of its obligations to exercise forbearance moving forward. I would certainly encourage Mr F to keep in regular contact with Shop Direct about difficulties he's facing with the facility. At the point of Shop Direct's final response, I can see that the account was not in arrears and had not been prior to that. Shop Direct reduced his credit limit once they learnt of his financial difficulties and given him information where he can seek further support. I don't think Shop Direct needed to take any further action at this point in relation to this.

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

My final decision

For the reasons given above, I do not uphold this complaint against Shop Direct Finance Company Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 30 April 2026.

Frances Kerslake
Ombudsman