

Complaint

Mr S has complained about a credit card and the subsequent credit limit increases Zempler Bank Limited (then trading as “Cashplus”) provided to him. He says he was provided with a credit card and limit increases despite the fact that he couldn’t afford them.

Background

Cashplus initially provided Mr S with a credit card in July 2015. The limit initially offered was £250. As far as I can see, Cashplus then increased Mr S’ credit limit on four occasions at the following times:

Date	Limit increased to
July 2016	£500
January 2017	£1,000.00
July 2017	£3,000.00
October 2021	£4,000.00

One of our investigators reviewed what Mr S and Cashplus had told us. And he thought that Cashplus hadn’t done anything wrong or treated Mr S unfairly. So he didn’t think that Mr S’ complaint should be upheld.

Mr S disagreed and asked for an ombudsman to look at the complaint.

My provisional decision of 2 March 2026

I issued a provisional decision – on 2 March 2026 - setting out why I was intending to partially uphold Mr S’ complaint.

In summary, I was intending to partially uphold Mr S’ complaint because I was satisfied that reasonable and proportionate checks would more likely than not have shown Cashplus that it shouldn’t have increased Mr S’ credit limit to £4,000.00 in October 2021.

Cashplus’ response to my provisional decision

Cashplus responded accepting my provisional decision and confirming that it would make the necessary adjustments on Mr S’ account, once it received confirmation of his acceptance.

Mr S’ response to my provisional decision

Mr S responded to my provisional decision saying that he thought his complaint should be upheld from the outset. He also wanted to know why his income was recorded as being £180,000.00 at the time of his application.

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 Mr S' complaint.

Having carefully considered everything, including the responses to my provisional decision, I'm still only partially upholding Mr S' complaint. I'll explain why in a little more detail.

Cashplus needed to make sure it didn't lend irresponsibly. In practice, what this means is Cashplus needed to carry out proportionate checks to be able to understand whether Mr S 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.

Cashplus says it agreed to Mr S' application after it obtained information on his income and carried out credit searches. It says that for the limit increases it relied on the original declaration of income, Mr S' repayment record on this account and fresh credit searches.

On the other hand, Mr S says that he shouldn't have been lent to and the credit was provided at a time when he couldn't afford it.

I've considered what the parties have said.

Did Cashplus carry out reasonable and proportionate checks before its initial decision to provide Mr S with his credit card and the first limit increase?

What's important to note is that Mr S was provided with a revolving credit facility. And this means that to start with Cashplus was required to understand whether credit limits of £250 and £500 could be repaid within a reasonable period of time, rather than all in one go. It's fair to say that credit limits of £250 and £500 required relatively low monthly repayments to repay the full amount that could be owed within a reasonable period of time.

Cashplus has said that Mr S declared being in receipt of an annual income of £180,000.00. Mr S has disputed ever having an income of this much. I don't know for sure what happened during Mr S' application. But I have seen an output of Mr S' application indicating that an income figure of £180,000.00 was recorded for Mr S.

I note that in his response to my provisional decision Mr S has reiterated that he didn't have an annual income of £180,000.00. For the avoidance of doubt, I wish to make it clear that I accept that Mr S didn't have and has never had an annual income of £180,000.00. To be clear, what I suspect happened here is that Mr S actually wanted to declare having an annual income of £18,000.00 (which is significantly closer to his earnings at this time) and either he entered an additional zero in error, or this was done by Cashplus' system.

Either way and most importantly of all, despite what the final response might say, it's difficult to reasonably conclude that Cashplus placed too much weight on this income figure. I say this because the credit check showed that Mr S' total outstanding debt stood at just over £5,000.00 in July 2015.

And, in these circumstances, I think it unlikely that Cashplus would only have offered Mr S a credit limit of £250 if it genuinely believed that he earned £180,000.00 a year. After all, Mr S didn't request a limit of £250 and an income of £180,000.00, in circumstances where what he owed elsewhere was low, would have suggested that he could afford significantly more than this.

In any event, I don't think that the fact that Mr S' annual income having been recorded as £180,000.00 means that he shouldn't have been lent to in July 2015 or July 2016. This is because having been given some information on Mr S' income at the time, having reviewed the credit check and considered Mr S' repayment record since being provided with the card, I'm satisfied that credit limits of £250 and £500 were affordable for Mr S when they were provided.

As this is the case, I remain satisfied that the checks Cashplus carried out before initially providing Mr S with a credit card and the first limit increase were more likely than not reasonable and proportionate. But even if they were not, I'm satisfied that Cashplus finding out more about Mr S' actual income at this time wouldn't have prevented it from providing the card or offering the first limit increase either.

Did Cashplus carry out reasonable and proportionate checks before granting the second and third credit limit increases in January 2017 and July 2017?

For the second and third credit limit increases, it appears as though Cashplus mainly relied on Mr S' account management in the period leading up to these limit increases. A lender is entitled to consider its previous dealing with a customer as part of its affordability checks. So I don't think that it was unreasonable for Cashplus to consider Mr S' account history when determining whether to increase his credit limit.

However, I'm not necessarily persuaded that Mr S' account had been managed particularly well or that this in itself was an indication that he could sustainably repay £1,000.00 and then £3,000.00 within a reasonable period of time. This is especially as it appears as though Mr S went slightly over his existing credit limit in June 2017.

Furthermore, Cashplus' credit checks in January 2017 and July 2017 appear to show that Mr S' indebtedness elsewhere was increasing too. As this is the case and it had been eighteen and then twenty-four months since Cashplus had initially asked Mr S for the information it did during his initial application, I do think that Cashplus needed to find out more about Mr S before offering to increase his credit limit so significantly.

I can't see that Cashplus did do this. As this is the case, I'm satisfied that Cashplus did not complete fair, reasonable and proportionate affordability checks before agreeing to increase Mr S' credit limit in January 2017 and July 2017.

I'll now proceed to consider whether Cashplus acted fairly and reasonably in relation to what it did prior to offering the final limit increase in October 2021, before I return to the question of whether Mr S lost out as a result of Cashplus failing to do enough to find out about his circumstances prior to providing the second and third limit increases on this card.

Did Cashplus carry out reasonable and proportionate checks before offering the final limit increase to Mr S?

I have to say that I have significant concerns over the veracity of Cashplus' checks before offering Mr S the final limit increase on this card. Equally, what it has argued in relation to this limit increase to some extent undermines everything that it has said in relation to its earlier checks in this case.

I say this because Cashplus has once again said that it relied on the income amount used as part of Mr S' initial application. This is despite the fact that its own records indicate that Mr S had been missing payments since 2019, had been on a payment plan until August 2020, it had issued a default notice in April 2021; and most importantly of all in May 2021 Mr S got in contact to say that he was unable to repay what was due on the card.

In these circumstances, it difficult for me to see how Cashplus could reasonably have concluded that Mr S had a disposable income of over £4,000.00 less than six months later. Indeed, it seems to me that the only thing that had changed in that short period of time was that Cashplus considered Mr S account had returned to normal use.

The fact that Mr S's account had returned to normal use does not in itself mean that further credit was affordable for him. And I certainly don't think that it was reasonable for Cashplus to conclude that further credit was affordable for Mr S based on information that it had obtained when he initially applied for the card over five years earlier.

As this is the case, I think that Cashplus needed to find out more about Mr S' actual circumstances before agreeing to provide him with the final credit limit increase. In my view, in circumstances where Mr S had recently said that he couldn't afford to repay the balance on his credit card as it was, Cashplus needed to get an understanding of Mr S' actual income and living expenses in order to understand whether he could afford additional credit.

I can't see that Cashplus did do this, or that it took any additional steps to account the for the fact that Mr S' repayment record since the previous limit increase was poor and he said that he couldn't repay what he owed. As this is the case, I'm satisfied that Cashplus did not complete fair, reasonable and proportionate affordability checks before offering Mr S the final limit increase on his credit card either.

I'll now proceed to consider whether it is more likely than not that Cashplus finding out more about Mr S' circumstances, would have resulted in it taking a different decision to offer the final three limit increases.

Would reasonable and proportionate checks have indicated to Cashplus that Mr S would have been unable to repay the final three limit increases?

As reasonable and proportionate checks weren't carried out before the final three credit limit increases were provided, I can't say for sure what they would've shown. So I now need to decide whether it is more likely than not that proportionate checks, would have told Cashplus that Mr S would have been unable to sustainably repay the final three limit increases.

For the sake of clarity, I've decided to consider the second and third limit increases together and I will then set out my thoughts on the final limit increase separately.

The decisions to offer the second limit increase to £1,000.00 in January 2017 and the third limit increase to £3,000.00 in July 2017

As I've explained, I think that Cashplus needed to find out more about Mr S' actual living expenses before offering the second and third limit increases on this card to him, as there

was the potential for him to owe £1,000.00 and then £3,000.00 as a result of being provided with these limit increases.

I've considered the information Mr S has provided now in order to determine what a proportionate check in January 2017 and then July 2017 is likely to have shown. And having looked at the bank statements Mr S has provided to us, I can't see anything obvious in them which indicated Mr S wouldn't be able to make the repayments required to repay £1,000.00 and £3,000.00 within a reasonable period of time.

Indeed, when Mr S' actual discernible living expenses on these statements are added to the credit commitments that showed on Cashplus' credit checks and then deducted from his income, he appears to have had sufficient disposable income to be able to make the repayments that could have been required. So Mr S' actual living expenses don't appear to have made these credit limit increases unaffordable and as this is all I would have expected Cashplus to have found out about (as well as Mr S' income) before offering the second and third limit increases on this card.

As this is the case, I'm satisfied that Cashplus didn't do anything wrong when increasing Mr S' credit limit to £1,000.00 and £3,000.00 respectively. In my view, proportionate checks would more likely than not have suggested that Mr S could make the repayments to repay what could be owed within a reasonable period of time. And I think that it is unlikely that such checks would have prevented Cashplus from lending in these circumstances.

So overall and having carefully considered everything, I've not been persuaded that proportionate checks would have shown that Cashplus that the second and third limit increases were unaffordable for Mr S and I'm not upholding this aspect of Mr S' complaint.

Cashplus' decision to provide the final limit increase in October 2021

As previously explained, where a firm failed to carry out reasonable and proportionate checks before providing credit, I'd usually go on to recreate reasonable and proportionate checks in order to get an indication of what such checks would more likely than not have shown.

However, I haven't gone on to recreate individual, proportionate checks for the final limit increase because I don't think that it is necessary to do so here. I think this is the case because in addition to assessing the circumstances behind each *individual* lending decision that Cashplus made, I also think it is fair and reasonable to look at the *overall pattern* of lending and what unfolded during the course of Mr S' history with Cashplus.

I'm mindful here that the relevant rules and guidance make it clear that a firm shouldn't continue lending where the credit is unsustainable or otherwise harmful and/or it is apparent that the customer may be experiencing financial difficulties. And I think that by October 2021, Cashplus ought fairly and reasonably to have realised that Mr S' financial position was such that the credit he had was already unsustainable and so he shouldn't have been provided with the final limit increase. I'll explain why I consider this to be the case in a bit more detail.

I've already explained that Mr S had a poor repayment record on this credit card from around 2019 onwards. He'd missed payments, ended up in payments plans and in April 2021 Cashplus issued a default notice. Most importantly of all, Mr S got in contact in May 2021 to explain that he couldn't repay what he owed at that time.

Cashplus relied on Mr S having returned to a normal status. It's unclear what Mr S' account returning to normal entailed. But having looked at the transaction list on Mr S' account, I think that Cashplus is referring to Mr S having returned to making repayments. However,

while it is fair to say that Mr S did return to making payments on the account, he was also allowed to continue using the card. So the amount he actually owed at the time he was offered the final limit increase, was more than what he'd already said that he couldn't afford to repay in May 2021.

In these circumstances, I'm not persuaded that Mr S' account management demonstrated that he had overcome the difficulties that he had made Cashplus aware of in May 2021 or that he had shown that was able to repay the balance he owed at that stage within a reasonable period of time. I'm also mindful that this was against a backdrop of Mr S owing significantly more to his existing creditors than he did when the limit was increased in July 2017, while also having a utilisation rate that was in excess of 85% on his existing revolving credit accounts.

In my view, this showed that Mr S was likely to have been continuing to struggle financially and, at the very least, it was a clear indication that he had not been managing his existing credit well. Cashplus will also be aware that as Mr S' had got in contact to explain that he was struggling to repay what he already owed it was required to offer forbearance and due consideration in order to help Mr S repay what he owed.

I don't think that offering Mr S a further £1,000.00 – in October 2021 and therefore offering substantially more credit at an APR in excess of 30% - when Mr S was already struggling to manage his existing debt was offering assistance. Cashplus increasing Mr S' credit limit in this way and in these circumstances was adding to any potential financial difficulty rather than offering assistance.

The October 2021 increase clearly took place after a sustained period of Mr S proving himself unable to repay what he owed within a reasonable period of time. I can't see any reasonable basis for Cashplus concluding that this repayment record meant that Mr S would be able to sustainably repay a further £1,000.00 within a reasonable period of time.

I note that Mr S subsequently went on to experience arrears on his account and also went on to enter into further payments plans. Cashplus may say that as this happened after it decided to offer the limit increase in October 2021, it cannot have known that this would happen. However, I think that any argument made on this basis simply isn't tenable.

I say this because Mr S' repayment record from 2019 onwards not only called into question his ability to be able to repay what he already owed, but he told Cashplus that he was struggling in May 2021. In my view, the only surprising thing about Mr S' repayment record after the final limit increase was offered and accepted is that it took until June 2023 for him to require a repayment plan.

Bearing in mind all of this, I'm satisfied that Cashplus provided the final credit limit increase, in circumstances where it ought reasonably to have realised that it was increasing Mr S' indebtedness in a way that was likely to be unsustainable or otherwise harmful for him. And this in itself means that Cashplus failed to act fairly and reasonably to Mr S when it increased his to £4,000.00 in October 2021.

As this is the case, I'm upholding Mr S' complaint that Cashplus failed to act fairly and reasonably towards him from October 2021 onwards.

Conclusions

Overall and having carefully thought about everything, I'm satisfied that:

- reasonable and proportionate checks are more likely than not to have shown Cashplus that Mr S was able to sustainably repay what he could owe within as a result of being provided with a credit card in July 2015 and the first three credit limit increases in July 2016, January 2017, July 2017.
- Cashplus ought fairly and reasonably to have realised that the final credit limit increase in October 2021 was unsustainable or otherwise harmful for Mr S and was unfairly and excessively increasing his overall indebtedness, in circumstances where he was already struggling to repay what he could owe.

The above leaves me concluding that Cashplus unfairly and unreasonably provided the final limit increase to Mr S and that it should now put things right.

In reaching these conclusions, I've also considered whether the lending relationship between Cashplus and Mr S might have been unfair to Mr S under section 140A of the Consumer Credit Act 1974.

However, I'm satisfied that what I direct Cashplus to do below results in fair compensation for Mr S given the overall circumstances of his complaint. I'm also satisfied that, based on what I've seen, no additional award is appropriate in this case.

Fair compensation – what Cashplus needs to do to put things right for Mr S

Having thought about everything, I'm satisfied that it would be fair and reasonable in all the circumstances of Mr S' complaint for Cashplus to put things right by:

- Reworking Mr S' current credit card balance to ensure that from October 2021 onwards all interest, fees and charges added are refunded. This is to reflect the fact that it was not only unfair for the limit increase to be provided, but Cashplus ought reasonably to have realised that Mr S wouldn't have been able to repay what he already owed without assistance. All late payment and over limit fees should also be removed;

AND

- If an outstanding balance remains once these adjustments have been made Cashplus should contact Mr S to arrange a suitable repayment plan, Mr S is encouraged to get in contact with and cooperate with Cashplus to reach a suitable agreement for this.

OR

- If the effect of removing all interest, fees and charges (applied from October 2021 onwards) results in there no longer being an outstanding balance, then any extra should be treated as overpayments and returned to Mr S along with 8% simple interest† on the overpayments from the date they were made (if they were) until the date of settlement. If no outstanding balance remains after all adjustments have been made, then Cashplus should remove any and all adverse information it has recorded from Mr S' credit file.

† HM Revenue & Customs requires Cashplus to take off tax from this interest. Cashplus must give Mr S a certificate showing how much tax it has taken off if he asks for one.

My final decision

For the reasons I've explained above and in my provisional decision of 2 March 2026, I'm partially upholding Mr S' complaint. Zempler Bank Limited (then trading as "Cashplus") should put things right in the way I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 13 April 2026.

Jeshen Narayanan
Ombudsman