

complaint

Mr M complains that Shop Direct Finance Company Limited engaged in irresponsible lending to him.

background

Mr M says SDF shouldn't have allowed him to borrow from it, due to having a bad credit rating. He says if it had looked into his finances in more detail it would've seen he's in a lot of debt which spiralled out of control. And he says if SDF had looked at his bank statements it would've seen the situation he was in.

Mr M also says SDF's lending's caused him to go into a debt management plan.

So, Mr M says he wants SDF to refund all the interest he's paid it, together with 8% statutory interest. And he wants it to remove all negative information it's put on his credit file.

SDF says Mr M opened his account in May 2017 and was given a £250 credit facility. It says the relevant credit checks were completed including public information and how his other accounts had been conducted. And it says the credit limit was offered based on the findings following these credit checks.

SDF also says if Mr M felt the credit limit provided was unaffordable he could've requested for it to be reduced at any time.

In addition, SDF says its records indicate Mr M's account fell into arrears on four occasions. It says on each occasion its arrears support team was positive and sympathetic to his circumstances and it engaged with him to discuss repayment options. And it says he entered into reduced payment arrangements.

So, SDF says it's satisfied there's been no irresponsible lending on Mr M's account and that it treated him positively and sympathetically when it became aware of his financial circumstances.

Mr M complained to SDF about this matter. And, being unhappy with its response, he complained to this service.

Our investigator thought Mr M's complaint shouldn't be upheld.

Mr M disagreed with the investigator's conclusions. So, the matter's been referred to me to make a final decision.

my findings

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

I've decided not to uphold Mr M's complaint and I'll explain why.

The information I've seen indicates when Mr M opened his account SDF carried out reasonable checks to ensure it was affordable. I note he had a default on his credit file at the time. But I also note it was put on his credit file in December 2013 and the relevant

account was satisfied in January 2015. So, I don't think this should've led SDF to refuse Mr M credit in May 2017 when he opened his account with it.

There's no specific list of checks a lender must carry out before deciding to open a credit account. The information I've seen indicates the checks SDF carried out were proportionate to the credit limit on the account and were appropriate, in the circumstances.

I note Mr M says SDF didn't consider his previous accounts with it when assessing the affordability of the credit it gave him. But I see his two previous accounts were closed in 2013, around four years before he applied for the account that's the subject of this complaint. And, as I indicated above, I think the checks SDF carried out at the time to ensure it was affordable to him were reasonable, in the circumstances.

I acknowledge Mr M's experiencing financial difficulties and he's entered into a debt management plan. I've sympathy for him. But I haven't seen anything to lead me to conclude SDF's responsible for this happening. Or that it ought to have considered the credit account Mr M applied for was unaffordable to him at the time.

I also note when Mr M made SDF aware of his debt management plan it stopped interest and administration charges on his account and I understand it's set up a reduced repayment plan to help him clear the outstanding balance. I think this was reasonable.

So, taking everything into account, I haven't seen anything to lead me to conclude SDF's engaged in irresponsible lending to Mr M. And this means I can't uphold his complaint.

my final decision

I don't uphold Mr M's complaint against Shop Direct Finance Company Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 29 May 2018.

Robert Collinson
ombudsman