

complaint

Miss D complains that J D Williams & Company Limited lent irresponsibly when it approved credit limit increases relating to a revolving credit agreement she had.

background

The background to this complaint and my initial conclusions are set out in my provisional decision dated 14 April 2020 – a copy of which is attached and forms part of this final decision. In my provisional decision I explained why I didn't think Miss D's complaint should be upheld. I invited both parties to send me any additional comments or information they wanted me to take into account before I made my final decision.

J D Williams responded to say it had nothing further to add.

Miss D responded and told us she was party to a debt management plan around the time J D Williams lent to her. Miss D also said that our service has previously upheld other irresponsible lending complaints she made against different businesses and that she had to borrow to pay priority bills. Miss D didn't accept my provisional decision.

my findings

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

I understand Miss D says our service has upheld other complaints about irresponsible lending she's referred to us. But we look at each complaint on its own merits. That means I'll consider the circumstances of Miss D's complaint independently. But I've reconsidered whether J D Williams lent irresponsibly to Miss D in light of her recent comments.

Businesses are free to decide who to lend to and what checks to complete before deciding whether to proceed. Miss D says she was party to a debt management plan around the time she borrowed from J D Williams. But J D Williams has already confirmed it will accept customers with some adverse credit on their credit file. So whilst I don't doubt what Miss D has told us, I'm satisfied J D Williams took her credit history into account before deciding whether to proceed.

As I said in my provisional decision, I can see that J D Williams did check Miss D's credit history and assessed each credit limit, in line with its lending criteria, before agreeing to proceed. Whilst I note Miss D's concerns, I remain satisfied that J D Williams' decision lend on all three occasions was reasonable, based on what it knew about her.

Miss D has told us that she had to borrow to pay priority debts. But I don't think that would have been clear to J D Williams when it reviewed her account.

I'm very sorry to disappoint Miss D but I haven't been persuaded to change the conclusions I reached in my provisional decision. I still don't agree J D Williams lent irresponsibly so I'm not upholding Miss D's complaint.

my final decision

My decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss D to accept or reject my decision before 26 June 2020.

Marco Manente
Ombudsman

Copy of provisional decision dated 14 April 2020

Complaint

Miss D complains that J D Williams & Company Limited lent irresponsibly when it approved credit limit increases relating to a revolving credit agreement she had.

Background

In September 2014 Miss D opened a revolving credit facility with J D Williams and was given a £150 credit limit. The credit limit increased to £300 on 27 January 2015. On 1 December 2015 J D Williams increased the credit limit to £500.

Miss D has told us she experienced some financial difficulties which meant she wasn't able to maintain her payments to J D Williams and the account was defaulted and sold to a third party.

Miss D complained that J D Williams had lent irresponsibly and it responded on 13 August 2018. J D Williams didn't agree that it had lent irresponsibly when it approved Miss D's credit limit increases and didn't uphold the complaint. Miss D went on to refer her complaint to our service and it was passed to an investigator.

The investigator upheld Miss D's complaint and said that J D Williams' decision to increase the credit limit to £300 then £500 was irresponsible. The investigator thought J D Williams hadn't followed industry guidelines published by The UK Cards Association. The investigator said J D Williams should refund all interest and charges applied to Miss D's account after the first credit limit increase to £300 on 27 January 2015.

J D Williams didn't agree with the investigator and pointed out it had never been a member of The UK Cards Association or its subsequent trade body, UK Finance. J D Williams said it had considered Miss D's position before agreeing to small credit limit increases that it believed were affordable. J D Williams also said it was willing to work with Miss D to find an affordable way to settle the outstanding balance. As J D Williams didn't accept the investigator's view, Miss D's complaint has been passed to me to make a decision.

My provisional findings

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

Before a business agrees to lend or increase a credit limit I'd expect it to complete proportionate checks to ensure the repayments are sustainable for the borrower. In this case, J D Williams approved the account in September 2014 with a credit limit of £150. The credit limit increased to £300 on 27 January 2015 and £500 on 1 December 2015. I've looked at the checks J D Williams completed each time before it decided to lend.

Having done so, I can see that when J D Williams first approved the account and later increased the credit limit, it considered a range of information about Miss D. The systems evidence I've seen shows that J D Williams looked at Miss D's credit file to see how she was managing her other credit. J D Williams also took the level of unsecured credit Miss D had into account. In addition, J D Williams applied its own behavioural score to Miss D's account to see whether it met the criteria for approval and limit increases. I'm satisfied, from what I've seen, that J D Williams completed proportionate checks before deciding to lend.

Miss D has recently sent us a copy of her credit report. The information on a credit report goes back six years so it's not possible to know exactly what was showing on it when Miss D first applied to J D Williams. But I haven't seen any entries that lead me to think J D Williams lent irresponsibly. I can see there was a reasonably low level of adverse credit in 2015. But

J D Williams has told us it will accept consumers with a low credit score and a small amount of adverse credit is acceptable. I'm satisfied J D Williams was aware of the information on Miss D's credit file before it agreed to lend and later increase the credit limit.

Whilst I understand Miss D's concern that this debt formed part of a larger problem, I'm satisfied J D Williams completed proportionate checks before it agreed to lend in 2014 and later increased the credit limit twice in 2015. I'm sorry to disappoint Miss D but I haven't found that J D Williams lent irresponsibly or that it failed to complete reasonable checks before deciding to proceed. As I haven't been persuaded that J D Williams was wrong to lend, my provisional decision is likely to be that I don't uphold her complaint.

I'll consider any further comments or additional information that Miss D or J D Williams wants to submit before I make my final decision.

My provisional decision

Unless I receive something that changes my mind, my provisional decision is that I don't intend to uphold this complaint.

Miss D and J D Williams have until 14 May 2020 to send me any additional points they would like me to take into account before I make my final decision.

Marco Manente
Ombudsman