

## **complaint**

Miss C complains that Shop Direct Finance Company Limited engaged in irresponsible lending in relation to her credit account.

## **background**

Miss C complained to SDF about this matter. And, being unhappy with its response, she complained to this service.

Miss C says SDF added lots of interest and charges to her account when she told it she was in financial difficulties. She says it let her increase her credit limit when she had a low credit score. And she says it continued to let her shop when she had other loans, including payday loans and clearly couldn't afford what she was spending.

So, Miss C says she wants SDF to refund all the interest and charges and remove the references to them from her credit file.

SDF says Miss C opened her account in 2010. It says a full credit check would've been conducted at the time. And it says based on the information Miss C provided, she was awarded a credit account with an initial credit limit of £1,000.

SDF also says Miss C had opted for automatic credit limit increases. It says she was managing her account well, she showed no signs of financial difficulty, she hadn't told it about any financial difficulties and she'd never been in arrears. So, it says she was given several credit limit increases over time, to a credit limit of £2,000.

In addition, SDF says Miss C could've refused these increases at any time. It says if she felt they were unaffordable, she could've requested a reduction in her credit limit. And it says when credit limit increases are given, additional information would be provided on the account statements to explain the changes.

SDF further says once Miss C first went into arrears in October 2011, her credit limit was never increased again. It says she was no longer allowed to place orders. And it says it acted positively and sympathetically by agreeing numerous arrangements with her in an attempt to resolve the situation.

So, SDF says it doesn't believe any irresponsible lending's taken place on Miss C's account and her complaint isn't justified.

Our adjudicator thought Miss C's complaint shouldn't be upheld.

Miss C disagreed with the adjudicator'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 Miss C's complaint and I'll explain why.

I see Miss C opened her account in June 2010 and SDF says she opted for automatic credit limit increases at that point, although Miss C says this was done without her knowledge. I also see by May 2011 her credit limit had increased from £1,000 to £2,000 and I see she first went into arrears in October 2011. And she first told SDF she was in financial difficulties in January 2012.

I acknowledge Miss C says she was making minimum payments most of the time. She says this should've shown SDF she couldn't afford to pay off any more than necessary. And she says she also had other high credit utilisation with other companies which she feels SDF should've checked when allowing her further credit.

But from what I've seen I don't think SDF ought to have realised Miss C was in financial difficulties before she first went into arrears. And I don't have enough information to conclude Miss C didn't opt for automatic credit limit increases when she opened her account. I also see SDF made repayment arrangements with Miss C when she told it she was in financial difficulties. So, taking everything into account, I can't conclude SDF engaged in irresponsible lending to Miss C.

I see the terms of Miss C's account allowed SDF to apply administration charges for any late, insufficient or missed payments. And I don't think it did anything wrong in applying these charges in the circumstances.

So, for these reasons, I can't uphold Miss C's complaint.

### **my final decision**

I don't uphold Miss C's complaint against Shop Direct Finance Company Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 14 March 2018.

Robert Collinson  
**ombudsman**