

## **complaint**

Mr C complains that Sainsbury's Bank Plc should not have approved his credit card application as he had a poor credit history, a high volume of bad debt and had gambling problems.

## **background**

Mr C applied for a Sainsbury's credit card in 2015 with a declared income in excess of £50,000. He has said that he had a history of bad debt - including a payday loan - two other credit cards used to their limits and he was using his overdraft. He also had a gambling addiction.

Sainsbury's approved his application with a credit limit of £8,000, which he used within two months. He then missed some payments, or made them late, and was charged interest and over limit charges. Eventually, and with help from his family, he paid off the account.

Some two and a half years later Mr C complained to the bank saying it had acted irresponsibly in granting him a credit card with such a high limit. And if it had carried out a full financial assessment it wouldn't have done so.

Our adjudicator didn't think Sainsbury's had done anything wrong. In agreeing Mr C's credit card the bank had carried out a credit check and credit scored his application using the information he had supplied. The adjudicator confirmed that Mr C's credit file showed that he had two other credit cards at that time. These were being used to their limits with occasional small excesses and a small number of late payments. But there was no evidence of defaults or other adverse data on Mr C's credit file, which might have affected the outcome of his application to Sainsbury's.

The credit file also recorded that he was using payday lenders, but Mr C had made only two such applications before applying to Sainsbury's. Both of these were paid in full and on time, and so would not necessarily have been cause for concern.

Our adjudicator didn't think the available evidence supported Mr C's claim that Sainsbury's had acted irresponsibly in agreeing his application with a limit of £8,000. He considered that the bank had carried out proportionate checks and couldn't conclude that it had done anything wrong.

Mr C disagreed providing a copy of his payday loan history saying that although this wasn't recorded on his credit file it would have been apparent from his bank statements.

## **my findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. And having done so I've reached much the same conclusions as the adjudicator and for much the same reasons.

All lenders are required to lend responsibly which means, amongst others things, checking the credit worthiness of potential borrowers before lending to them. This is for the protection of both borrower and lender. But those checks should be proportionate to the nature and amount of the loan being requested.

Here Mr C's application for a credit card was supported by a declared income of over £50,000. His credit file showed he had two other credit cards on which he was largely maintaining his repayments, although the file recorded a small number of over limit excesses and late payments. The credit file also showed that Mr C was using payday loans, but the two he had had up to that point had been repaid in full and on time.

On that basis it seems to me to that another credit card with an £8,000 limit was likely to be affordable to Mr C. Consequently I find that Sainsbury's decision to approve his application was reasonable. Mr C has argued that if the bank had carried out a more detailed investigation of his finances it would have realised that he was having more difficulty than his credit file revealed. That may be so, but in my view the checks carried out by Sainsbury's were proportionate to the amount being advanced and I would not have expected the bank to have done more.

I'm afraid therefore that I cannot reasonably uphold Mr C's complaint.

### **my final decision**

My decision is that I do not uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 24 September 2018.

June Brown  
**ombudsman**