

The complaint

Ms B complains that Grattan Plc trading as Kaleidoscope ('Grattan') irresponsibly gave her a revolving credit account that she couldn't afford.

What happened

In November 2007, Ms B applied for a revolving credit account with Grattan. For simplicity I'll refer to this as a catalogue account. Grattan has no historic account information until May 2016 when the credit limit on the account was £600. The credit limit increased four times; in October 2016 it rose to £700, in February 2017 it rose to £800, in December 2019 it rose to £900 and in July 2020 it rose to £1,000.

In 2023, Ms B complained to Grattan to say that the account shouldn't have been opened for her because it wasn't affordable and that Grattan ought to have made a better effort to understand her financial circumstances before providing her with credit. Grattan disagreed and so Ms B brought her complaint to this service.

Our investigator did not think the complaint should be upheld until the increase to the credit limit in December 2019. Grattan disagreed and so the complaint was passed to me to decide.

I issued my provisional decision in respect of this complaint on 5 December 2023, a section of which is included below, and forms part of, this decision. In my provisional decision, I set out the reasons why it was my intention not to uphold Ms B's complaint. I set out an extract below:

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

I've read and considered the whole file, but I'll confine my comments to what I think is relevant. If I don't comment on any specific point, it's not because I've failed to consider it but because I don't think I need to comment on it in order to reach what I think is the right outcome in the wider context. My remit is to take an overview and decide what's fair "in the round".

Grattan will be familiar with all the rules, regulations and good industry practice we consider when looking at a complaint concerning unaffordable and irresponsible lending. So, I don't consider it necessary to set all of this out in this decision. Information about our approach to these complaints is set out on our website.

It is not straightforward trying to determine affordability because neither party has provided much in the way of credit information, account management information or financial information from the time of the account prior to May 2016. So, I have no way of knowing the volume of any credit Ms B may have had or how Ms B was managing any existing credit she had in the years she held credit with Grattan before May 2016. So, I have seen insufficient evidence of anything I could determine as unreasonable lending before May

2016. So, this decision will now concentrate on the increases to the credit limit that are described in the section above and which started in October 2016.

Ms B's complaint is that Grattan made credit available that was unaffordable. Grattan has explained that they relied in part on information that Ms B provided at the time of application and credit limit increases to assess affordability. They said they carried out credit searches in Ms B's name to assess Ms B's level of debt at the times of each lending decision and to understand how she had been managing that debt. With that information and using their own scoring metric, Grattan decided to agree to the credit limits detailed above.

I have noted that before the increase in October 2016, there was evidence of a serious adverse marking on Ms B's credit record. But the credit report also showed that adverse marking had occurred more than four years before this increase. And there had been no other adverse markings of any kind in the more recent past. So, it seems most likely that Grattan would have understood that Ms B was affording her existing credit at that time. So, the lending looked to be affordable and reasonable at the time. So, I am not persuaded that Grattan should have avoided providing the credit limit increase in October 2016. That is also true, and for the same reasons, of the credit limit increase in February 2017.

By the credit limit increase in December 2019, Ms B's total indebtedness was less than it had been in October 2016. And we can see that Ms B had managed her account such that there was no recent history of adverse issue in the preceding 14 months. And for the credit limit increase in July 2020, Ms B had managed her account such that it was well managed in 20 of the preceding 21 months. And it remained true that Ms B's overall indebtedness was significantly less than it had been at the time of the increase to the credit limit in October 2016.

The credit limit increases were very modest and the maximum monthly payments for that credit were also relatively modest. And I have been shown no submissions that undermine what Grattan told us they found at the time of the lending decisions. And Grattan had the evidence of how Ms B was managing her Grattan account to add to its other credit checks.

So, from what it could see, it seems most likely that Grattan would have understood that Ms B was affording her existing credit at the time of the lending decisions. So, having considered all of the above, I am not persuaded that any of the credit limit increases were unreasonable.

And so, for the reasons given above, I don't think that the information that Grattan had at the time of each of the lending decisions, would have led them to feel they ought to make more searching enquiries into Ms B's financial situation. Further, Grattan were not put on notice of any reason not to agree any of the credit increases from any of the above.

So, having considered all the submissions made in this case, I have seen insufficient evidence to think that the credit Grattan provided to Ms B was unreasonable."

I asked the parties to the complaint to let me have any further representations that they wished me to consider by 28 December 2023. Neither party has acknowledged the provisional decision and our investigator told me there were no items correspondence waiting to be attached to the case file. I consider that both parties have had time sufficient to have made a further submission, had they wished to do so. So, I am proceeding to my final decision.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and

reasonable in the circumstances of this complaint.

So, as neither party has provided any new information or argument for me to consider following my provisional decision, I have no reason to depart from those findings. And as I've already set out my full reasons (above) for not upholding Ms B's complaint, I have nothing further to add.

So, having looked again at all the submissions made in this complaint, I have still seen insufficient reason to uphold the complaint.

My final decision

For the reasons set out, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms B to accept or reject my decision before 30 January 2024.

Douglas Sayers
Ombudsman