

## **Complaint**

Miss M has complained about a credit card Chetwood Financial Limited (trading as “Wave”) provided to her. She says the credit card was irresponsibly provided to her.

## **Background**

Wave provided Miss M with a credit card with an initial limit of £750 in March 2022. Miss M wasn't provided with any credit limit increases.

One of our investigators reviewed what Miss M and Wave had told us. And she thought Wave hadn't done anything wrong or treated Miss M unfairly in relation to providing the credit card. Miss M disagreed and asked for an ombudsman to look at the complaint.

## **My findings**

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

We've explained how we handle complaints about unaffordable and irresponsible lending on our website. And I've used this approach to help me decide Miss M's complaint.

Having carefully considered everything, I've not been persuaded to uphold Miss M's complaint. I'll explain why in a little more detail.

Wave needed to make sure it didn't lend irresponsibly. In practice, what this means is Wave needed to carry out proportionate checks to be able to understand whether Miss M could afford to repay any credit it provided.

Our website sets out what we typically think about when deciding whether a lender's checks were proportionate. Generally, we think it's reasonable for a lender's checks to be less thorough – in terms of how much information it gathers and what it does to verify it – in the early stages of a lending relationship.

But we might think it needed to do more if, for example, a borrower's income was low or the amount lent was high. And the longer the lending relationship goes on, the greater the risk of it becoming unsustainable and the borrower experiencing financial difficulty. So we'd expect a lender to be able to show that it didn't continue to lend to a customer irresponsibly.

Wave says it agreed to Miss M's application after it obtained information on her income and carried out a credit search. And the information obtained indicated that Miss M would be able to make the low monthly repayments due for this credit card. On the other hand Miss M says that she was already struggling and shouldn't have been provided with this credit card.

I've considered what the parties have said. What's important to note is that Miss M was provided with a revolving credit facility rather than a loan. And this means that Wave was required to understand whether a credit limit of £750 could be repaid within a reasonable

period of time, rather than in one go. A credit limit of £750 required relatively small monthly payments in order to clear the full amount owed within a reasonable period of time.

Furthermore, I've seen records of the information Wave obtained from Miss M about her income and expenditure and what was on the credit search carried out. Miss M declared that she had an annual income of £41,000.00. She was also asked about some information on her accommodation and other living costs.

I accept that Miss M did have existing debts. But when a reasonable amount for these commitments is added to what she declared for her living costs, this information doesn't indicate to me that Wave ought to have realised that Miss M didn't have the funds to make the relatively low monthly payment that would be required for this credit card.

I appreciate that Miss M says that her circumstances were worse than this, that she was struggling and that the payments going out of her bank account in the months leading up to this application were almost as much as her credits. But Wave didn't have and didn't need to obtain Miss M's bank statements. Furthermore, Miss M has included her discretionary expenditure in her analysis as she's focused on the total amount going out of her account when determining that the required payment was unaffordable.

But Wave wasn't required to find out about Miss W's discretionary expenditure. What it had to do was decide whether once Miss M's contractual and non-discretionary expenditure, rather than all of it, was deducted from her income she had enough to make the required payments. The information it had available suggests that this was the case and I don't think that Wave needed to do anything more here.

So overall while I can understand Miss M's sentiments, I don't think that Wave treated Miss M unfairly or unreasonably when providing Miss M with her credit card. And I'm not upholding Miss M's complaint. I appreciate this will be very disappointing for Miss M. But I hope she'll understand the reasons for my decision and that she'll at least feel her concerns have been listened to.

### **My final decision**

For the reasons I've explained, I'm not upholding Miss M's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 15 February 2024.

Jeshen Narayanan  
**Ombudsman**