

## **Complaint**

Mr P has complained about a catalogue shopping account Shop Direct Finance Company Limited (under its “Very” brand) provided to him.

He says given the amount of debt he had already he shouldn’t have been lent to.

## **Background**

Very provided Mr P with a catalogue shopping account with a credit limit of £1,500.00 in September 2017. Mr P wasn’t provided with any credit limit increases on his account.

One of our investigators reviewed what Mr P and Very had told us. And she thought Very hadn’t done anything wrong or treated Mr P unfairly in relation to providing him with his account. So she didn’t recommend that Mr P’s complaint be upheld.

Mr P 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.

Having carefully considered everything, I’ve not been persuaded to uphold Mr P’s complaint. I’ll explain why in a little more detail.

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 Mr P’s complaint.

Very needed to make sure it didn’t lend irresponsibly. In practice, what this means is Very needed to carry out proportionate checks to be able to understand whether Mr P 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.

Very says it agreed to Mr P’s application after it obtained information on his income, living arrangements and carried out a credit search. And the information obtained indicated that Mr P would be able to make the monthly repayments due for this catalogue shopping account. On the other hand Mr P says that he was already struggling and shouldn’t have been provided with this additional credit.

I've considered what the parties have said.

What's important to note is that Mr P was provided with a revolving credit facility rather than a loan. And this means that Very was required to understand whether a credit limit of £1,500.00 could be repaid within a reasonable period of time, rather than all in one go. A credit limit of £1,500.00 required reasonable monthly payments in order to clear the full amount owed within a reasonable period of time.

Furthermore, I've seen records of the information Very obtained from Mr P about his income, living situation and what was on the credit search carried out. This information doesn't indicate to me that Very ought to have realised that Mr P didn't have the funds to make the monthly payment that would be required for this catalogue shopping account.

I say this because the credit check suggests that while Mr P had some existing debt he didn't have any significant adverse information - such as county court judgments recorded against him - in relation to them. Additionally, Mr P didn't appear to have made successful applications for other credit leading up to this application either. And as Mr P had declared that he was living at home with parents at this time, there is an argument for suggesting that Very's checks - in determining getting an idea of his income and existing credit commitments - were sufficient.

That said, given what Very saw and the circumstances of the lending, there is an argument for saying at the absolute most, it also ought to have found out about more about Mr P's actual regular living costs. But I don't think that obtaining further information on Mr P's actual living costs would have made a difference to Very's decision to lend in this instance.

I say this because when Mr P's actual committed regular living expenses and existing credit commitments were deducted from his monthly income, he did have the funds, at the time at least, to sustainably make the repayments due on this account.

I accept that Mr P says that his actual circumstances at the time were worse than this. I've also seen Mr P's bank statements showing why this was the case. I also accept that it is possible - but by no means certain - that if Very had obtained Mr P's bank statements, it may have reached a different decision here.

But as obtaining bank statements wasn't the only way for Very to have found out about Mr P's living expenses (if it was indeed even proportionate for this to be done here) - it could have instead asked for copies of bills etc - I don't think Very could reasonably be expected to know what was going on, on Mr P's current account. So I don't think Very can reasonably be expected to know what Mr P has told us about, or factor this into its decision making.

I know that Mr P has queried how it is possible for us not to uphold this complaint when he's already had a separate complaint upheld. I can understand why Mr P might find it strange that he's received different outcomes on complaints which he perceives to be materially the same.

But it's important for me to explain that we consider complaints on an individual basis and looking at the individual circumstances. As I've already explained, what will constitute a proportionate check will very much depend on the particular circumstances of the individual application. A proportionate check, even for the same customer, could look different for different applications.

Furthermore, I'm not bound by the outcomes reached by other case handlers on different cases. Ultimately, I'm required to consider the facts of a case and reach my own conclusion.

So the outcomes on Mr P's other case cannot and do not bind me into reaching the same conclusion on this case. That said, consistency is important and with a view to providing some clarity and reassurance to Mr P, it might help for me to explain that there are some key differences between this complaint and Mr P's other one.

Having looked at Mr P's other case, it's clear that he was advanced a number of loans over an extended period of time. So the lender made a number of lending decisions – not all of which were unfair. Equally, Mr P was provided with cash from his own bank in that case, rather than a revolving credit account where he'd receive goods like he did here.

These differing facts impacted on what the lender in Mr P's other case did do, what would have been proportionate for it to do and what it would have found out about Mr P at the relevant times. And in this case, I've already explained what proportionate checks are likely to have required, what they are likely to have shown and why this is unlikely to have shown this account shouldn't have been provided to Mr P.

As this is the case, while I'm not required to replicate the outcomes reached by our other case handlers, nonetheless I don't consider that my answer here is incompatible or inconsistent with the one Mr P received on his other case, notwithstanding the differing outcomes.

Overall, although I appreciate that Mr P won't agree with this, I don't think that Very treated Mr P unfairly or unreasonably when providing him with his catalogue shopping account. And I'm not upholding Mr P's complaint. I appreciate this will be very disappointing for Mr P. But I hope he'll understand the reasons for my decision and that he'll at least feel his concerns have been listened to.

### **My final decision**

For the reasons I've explained, I'm not upholding Mr P's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 13 February 2024.

Jeshen Narayanan  
**Ombudsman**