

The complaint

Miss C complains that Shop Direct Finance Company Limited who were trading at the time as Littlewoods ('Shop Direct') irresponsibly gave her a running account credit facility that she couldn't afford.

What happened

In 2011, Miss C applied for a catalogue shopping account through Shop Direct. There were increases and decreases to the credit limit over time, too numerous to outline here.

In 2022, Miss C complained to Shop Direct that the lending was unaffordable. Shop Direct upheld in part. They said that the increase to the credit limit on 23 April 2016 was not affordable as the credit limit increased from £5,500 to £6,250. Shop Direct offered to make the standard redress for such an uphold. Miss C was not satisfied with that and brought her complaint to this service.

Our investigator agreed with Shop Direct's approach to the complaint. He recommended the complaint be upheld in part as Shop Direct had. Miss C didn't agree. So, the complaint was passed to me to decide.

I issued my provisional decision in respect of this complaint on 26 October 2023, a section of which is included below, and forms part of, this decision. In my provisional decision I set out the reasons why I didn't think Miss C was entitled to more redress than she had already been offered. 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.

Miss C thinks that Shop Direct shouldn't have given her credit as it was unaffordable to her.

Prior to providing credit to Miss C, Shop Direct says it carried out a credit check. It said the results of this satisfied it that Miss C could afford the credit limits it offered and that the credit limit was reviewed as they took new information each month. And they had Miss C's record of managing her account to consider in setting the credit limit.

Shop Direct haven't been able to provide more than a high-level summary of the results of that check to us, so I can't know exactly what they saw when they made their lending decisions. So, it's possible that Shop Direct failed to make adequate checks before providing Miss C with credit. But even if that's true, I have seen insufficient evidence to think better enquiries would have caused Shop Direct to think the credit limits they provided were unaffordable.

It is not straightforward trying to determine affordability because Miss C has not been able to provide bank statements from the whole time in question. And I have not had sight of any credit information from the times. So, I have no way of knowing the volume of any credit Miss C may have had or how Miss C was managing any existing credit she had at

the time the lending decisions were made. Miss C has provided us with her recent credit report. However, this contains little information from before the time of the uphold. And what is on the credit report suggests that Miss C's credit was being afforded. And Miss C's account looks like it was largely well managed before April 2016 with hardly any missed or late payments.

So, having considered all the submissions made in this case, and in the absence of any extra evidence from Miss C to the contrary, I have seen insufficient evidence to think that more thorough affordability checks would have led Shop Direct to think that any of the early pre-2016 credit they provided Miss C was unreasonable.

But Shop Direct did think it had been wrong to increase the credit limit from £5,500 to £6,250 on 23 April 2016 as that was not affordable lending. Our investigator and I agree with Shop Direct about that. So, did Shop Direct calculate the redress correctly?

Shop Direct thought it calculated the redress correctly. Shop Direct said that their records do not show that any interest was paid on normal or buy now pay later purchases. But Miss C was sure that she had incurred interest payments that weren't currently reflected in the offer of redress made by Shop Direct.

So, we had a closer look at this with Shop Direct. It turns out that both sides are correct. Miss C was right in that she had incurred some interest payments and they weren't reflected in the redress calculation. But Shop Direct has explained that was because these interest payments were at a time when the balance didn't exceed the credit limit of £5,500. And that is important as that is the last credit limit that we thought represented reasonable lending. So, it seems that Shop Direct are also correct and right not to include those interest payments in the redress calculation.

In general, the account is run such that normal purchases have an extended period for payment to be made free of interest (20 weeks). The terms of each buy now pay later promotion depends on the details of that particular promotion. So, it does not seem strange that Shop Direct say that the number of interest payments due on Miss C's account was few.

And I have not seen sufficient evidence that Shop Direct has failed to calculate redress in the standard manner for such a partially upheld case.

I know that Miss C will be disappointed with my decision. But I want Miss C to know that I considered all the submissions made in this case. Having done so, I have not found sufficient evidence to ask Shop Direct to make an award greater than the one they have already made."

I asked the parties to the complaint to let me have any further representations that they wished me to consider by 9 November 2023. Shop Direct have acknowledged receiving the decision and said they accept my provisional findings. Miss C has acknowledged receiving the decision and has made a further submission. 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.

Miss C made a final submission in which she disagreed with my view of the matter. In disagreeing with me Miss C resent her credit report, which was already on file and had been considered and discussed in my provisional decision. So, as Miss C hasn't produced any

new evidence for me to consider or raised any new argument, I have nothing new to consider in this case, that I hadn't already considered in reaching my provisional decision. And so, it seems that I have insufficient reason to depart from the findings I have already made.

In the absence of any new evidence or argument to consider, I have no reason to depart from those findings. And as I've already set out my full reasons why I didn't think Miss C was entitled to more redress than she had already been offered, I have nothing further to add.

My final decision

For the reasons set out, I don't uphold this complaint. I have seen insufficient reason for Shop Direct to make an award greater than the one they have already offered Miss C.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 4 December 2023.

Douglas Sayers
Ombudsman