

## **The complaint**

Miss N complains that Next Retail Limited trading as Next Online (“Next”) lent to her irresponsibly.

## **What happened**

- In April 2017 Miss N applied for an account with Next which was granted with a credit limit of £150.
- In October 2017, the credit limit was increased to £3,750.
- In June 2019, the credit limit was reduced to £3,000.
- In October 2019, the credit limit was increased to £3,750.
- In June 2020, the credit limit was reduced to £750
- In January 2022, the credit limit was increased to £1,500.

In March 2023 Miss N complained to Next that it had lent to her irresponsibly.

Miss N’s complaint was considered by one of our Investigators who came to the view that it shouldn’t be upheld.

Miss N didn’t agree with the investigator’s view so her complaint has been passed to me for review and 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.

Having done so I can confirm that I’ve come to the same overall outcome as the investigator and for broadly the same reasons. There is also very little I can usefully add to what has already been said.

It’s clear that Miss N has very strong feelings about this complaint. She has provided detailed submissions in support of her view which I can confirm I’ve read and considered in their entirety. However, I trust Miss N will not take the fact that my findings focus on what I consider to be the central issues, and that they are expressed in considerably less detail, as a discourtesy. The purpose of my decision isn’t to address every point raised. The purpose of my decision is to set out my conclusions and the reasons for reaching them. Our powers allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

Next 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.

In deciding to grant Miss N an account in April 2017 Next was obliged to carry out proportionate checks. What constitutes proportionate checks varies depending on the type and amount of credit being applied for (and being provided), the size of the regular repayments, the total cost of the credit and the consumer's circumstances.

Given the checks that Next says it undertook and what it says these checks 'uncovered' or didn't uncover, the relatively small credit limit offered (which at 5% gives a monthly repayment required from Miss N of £7.50) I'm satisfied that Next undertook proportionate checks before agreeing to grant Miss N an account in April 2017.

Next has provided evidence regarding the credit checks it completed each time it increased Miss N's credit limit and what these checks uncovered. It has also confirmed to our service that prior to each credit limit increase a review of Miss N's account conduct was undertaken.

The investigator came to the view that Next should have conducted further checks before the credit limit increases in October 2017 and January 2022 on the grounds that these increases, amongst other things, were sizable, and I agree.

To be clear, I don't think Next necessarily should have obtained bank statements from Miss N, but in the absence of it having conducted further checks at the relevant times – such as asking her more about her income and expenditure – I've considered bank statements provided to our service by her.

Having considered these statements I can confirm that I'm satisfied that further (and proportionate) checks by Next wouldn't have caused it to conclude that the credit limit increases granted wouldn't have been sustainably affordable for Miss N. In coming to this conclusion I've had regard to Miss N's account credits (including income and benefits), non-discretionary expenditure, her overdraft usage and account (or lack of account) charges.

I also think it's worth pointing out that:

- In increasing and decreasing Miss N's credit limit, Next were responding to the monthly data it received from the credit reference agency (CRA) it used, suggesting a pattern of responsible lending rather than irresponsible lending.
- Miss N had the option to decline the credit limit increases had she wished to do so.
- Despite what Miss N says to the contrary, based on statements provided she was more often than not able to make monthly payments exceeding the minimum required of her.
- Having looked at Miss N's income and expenditure around the times of the credit increases I haven't seen any evidence that she wouldn't be able to afford the repayments.
- Although Miss N did rely on her overdraft, this isn't necessary a reason for Next not to lend. And like the investigator, I'm satisfied that Miss N could have cleared this overdraft, or reduced it significantly, within a reasonable period of time.

I know that Miss N will be disappointed with my decision. But having considered everything that the parties have said and submitted I'm simply not persuaded, in the particular circumstances of this case, that Next did anything wrong. So I'm satisfied that Next didn't act unfairly or unreasonably in opening the account or in granting any of the credit limit increases it did.

**My final decision**

For the reasons given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss N to accept or reject my decision before 27 March 2024.

Paul Hamber  
**Ombudsman**