

The complaint

Miss S complains that Next Retail Limited ('Next Retail') irresponsibly gave her a credit account that she couldn't afford.

What happened

In October 2022, Miss S applied for a running credit account with Next Retail. Miss S was given a £300 credit limit. The credit limit was never increased.

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

Our investigator did not think the complaint should be upheld. Miss S disagreed and so the case has passed to an ombudsman for review.

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.

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".

Next Retail 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.

Miss S's complaint is that Next Retail made credit available that was unaffordable. Next Retail has explained that it relied in part on information that Miss S provided at the time of application to assess affordability. They said they carried out credit searches in Miss S's name to assess Miss S'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, Next Retail decided to agree to the account in 2022.

The Next Retail checks showed that Miss S had only a modest amount of other borrowings, so, the lending looked to be affordable and reasonable at the time.

In saying that I have noted that the initial credit limit was very modest and the maximum monthly payments for that credit were also relatively modest. And I have been shown no submissions that undermine what Next Retail told us they found at the time of the lending decisions.

And so, I don't think that the information that Next Retail had would have led them to feel they ought to make more searching enquiries of Miss S's financial situation. And Next Retail were not put on notice of any reason not to agree any of the lending requests it agreed to 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 Next Retail provided to Miss S was unreasonable.

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 Miss S to accept or reject my decision before 19 February 2024.

Douglas Sayers
Ombudsman