

The complaint

Miss H complains that Frasers Group Financial Services Limited who were trading as 'Studio' irresponsibly gave her a running account credit facility that she couldn't afford. For simplicity I will refer to the business as 'Frasers' in this decision.

What happened

In July 2019, Miss H applied for a credit account with Frasers which was agreed with a credit limit of £200. There were several increases to the credit limit with the last being in November 2020, when it rose to £1,900.

In 2023, Miss H complained to Frasers to say that the account shouldn't have been opened for her because it wasn't affordable.

Our investigator didn't recommend the complaint be upheld. Miss H didn't agree. So, the complaint has been passed to me to decide.

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.

Frasers 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.

Our investigator in his assessment provided a detailed account of all the increases to the credit. Neither party has called the specifics into question, so I don't intend to cover them off here. Miss H's complaint is that Frasers failed to make adequate checks before providing her with credit or increased credit.

Frasers has explained that it carried out a credit check using a credit agency to determine the amount of credit it was able to offer. The checks produced credit scores which took into account Miss H's overall credit commitment and Miss H's management of that credit. Frasers told us that Miss H's account was assessed on a monthly basis from the credit check information and the credit limit was set using that information and their observation of Miss H's management of the account.

It's possible that these checks could have been more searching. But even had they been I do not think that Frasers would have seen anything that made them think the lending was unreasonable. I'll explain why I say that.

I have noted the credit report that Miss H has provided. It shows no adverse information on it that would have led Frasers to think that Miss H was not managing her existing credit at the times of the credit limit increases to the catalogue account. So, I don't think better

enquiries would have caused Frasers to think the credit limits they provided were unaffordable.

And Miss H's management of her account would not have shown anything to deter further lending as the account was well run by Miss H.

It does seem that Miss H has experienced some financial difficulty more recently. But I have to assess the lending decisions based on the information that was or could have been available to the business at the time they made the lending decisions.

Having considered all the submissions that have been made to us in this case, I'm not persuaded that fuller enquiries into Miss H's circumstances would have led Frasers to conclude it should have taken courses of action that were significantly different to those they took.

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 H to accept or reject my decision before 22 March 2024.

Douglas Sayers
Ombudsman