

## **Complaint**

Mr F has complained about a credit card JAJA Finance Ltd (trading as “Asda” Money Credit Card) provided to him.

He says that he shouldn’t have been given the credit card and that it was irresponsibly provided to him.

## **Background**

In December 2022, Asda provided Mr F with a credit card which had a limit of £1,500.00. Mr F wasn’t provided with any credit limit increases.

One of our investigators reviewed what Mr F and Asda had told us. And she thought Asda hadn’t done anything wrong or treated Mr F unfairly in relation to providing the credit card.

So she didn’t recommend that Mr F’s complaint be upheld. Mr F 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 decided not to uphold Mr F’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 F’s complaint.

Asda needed to make sure it didn’t lend irresponsibly. In practice, what this means is Asda needed to carry out proportionate checks to be able to understand whether Mr F 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 don’t think that it is necessarily unreasonable for a lender’s checks to be less detailed – 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.

Asda says it agreed to Mr F’s application after it obtained information on his income and carried out a credit search. And the information obtained indicated that Mr F would be able to make the monthly repayment required to clear the balance that could be owed within a reasonable period of time.

On the other hand Mr F says that he shouldn't have been lent to under any circumstances.

I've considered what the parties have said.

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

I've seen records of the information Asda obtained from Mr F about his income and what was on the credit search carried out. Asda says that Mr F declared a salary of just under £32,000.00 a year. Furthermore, the credit search showed that Mr F didn't have any significant adverse information – such as defaulted accounts or County Court Judgments – recorded against him either.

I know that Mr F has referred to having missed a couple of payments on other accounts and having taken cash advances on other credit cards. The first thing for me to say is that Asda doesn't appear to have asked about cash withdrawals on its credit check. And this wasn't something that it was required to.

Secondly, Asda's credit search indicates that it was aware of a single late payment on Mr F's other credit. Nonetheless, whether there was a single late payment or two of them, I don't think that a couple of late payments, in itself, means that Mr F shouldn't have been lent to.

Furthermore, it is also not even immediately apparent to me that even further checks, which at the absolute maximum would have consisted of finding out more about Mr F's living expenses rather than relying on estimates of this, would, in any event, have led to Asda making a different decision.

I say this because the bank statements provided appear to show that Mr F had ample funds left over, once his credit commitments and discernible regular living costs were deducted from his income, in order to make the payments he could have had to make as a result of using the credit available to him on this card.

So overall and having considered everything I don't think that Asda treated Mr F unfairly or unreasonably in approving his credit card application.

In reaching this conclusion I've also considered whether the lending relationship between Asda and Mr F might have been unfair to Mr F under section 140A of the Consumer Credit Act 1974 ("CCA").

However, for the reasons I've explained, I don't think Asda irresponsibly lent to Mr F or otherwise treated him unfairly in relation to this matter. And I haven't seen anything to suggest that section 140A CCA or anything else would, given the facts of this complaint, lead to a different outcome here. So I'm not upholding this complaint.

I appreciate this will be very disappointing for Mr F. 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 F's complaint.

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

Jeshen Narayanan  
**Ombudsman**