

The complaint

Mr H complains that ONMO Limited shouldn't have accepted his application for a credit card account.

What happened

Mr H applied for a credit card account with ONMO in May 2023. His application was accepted and he was given a credit card with a £1,500 credit limit. He complained to ONMO in February 2024 that appropriate checks weren't carried out to confirm that he could afford the lending prior to it accepting his application.

It described the checks that it had made and said that it had correctly assessed Mr H's creditworthiness and took reasonable and proportionate steps to verify affordability. It said that it couldn't substantiate that it had directly caused the financial difficulties that he'd detailed in his complaint.

Mr H wasn't satisfied with its response so complained to this service. His complaint was looked at by one of this service's investigators who, having considered everything, didn't think that it should be upheld. He thought that the checks completed prior to offering the lending were proportionate, the decision to lend was responsible and he was unable to say that ONMO had acted unfairly or unreasonably in some other way.

Mr H didn't agree with the investigator's recommendation and asked for his complaint to be considered by an ombudsman. He says that when his application was approved, he had four credit cards which were all at their limit which shows that he was struggling financially and he was paying nearly £200 in interest each month on credit cards that he couldn't pay off. He says that ONMO gave him the biggest credit card limit that he'd ever had and he'll be paying over £1,000 each year in interest for a card that he'll never be able to pay off. He says that he has a county court judgment against him, his life has been controlled by his gambling addiction and reckless borrowing and one of his other lenders has accepted that it lent to him irresponsibly.

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.

A lender must ensure that it lends responsibly and must make reasonable and proportionate checks to ensure that the customer can afford the lending. But there are no set checks that it must make and, even if it makes appropriate checks, it's unlikely to have a complete understanding of a customer's financial situation.

ONMO says that it thoroughly reviewed Mr H's credit file and it described what its review showed. It says that Mr H provided it with information about his income and expenditure which showed that he had a net monthly income of £3,083, housing costs of £500, general living costs of £300 and credit commitments of £250. It says that it used a credit reference agency to verify his income and applied it to the credit reference agency's affordability

calculations, along with its own affordability calculations, and it didn't conclude that he was unable to reasonably sustain his credit card account. ONMO's review showed that there were no county court judgments against Mr H in the preceding four years and there were no defaults in the preceding five years.

ONMO had checked Mr H's credit file, obtained information about his income and expenditure and had verified his income so I consider that it had made reasonable and proportionate checks. It could see that there was a county court judgment against him and that an account had defaulted but that happened more than four years before Mr H's application to it. On the basis of all of the information that it had obtained, I don't consider that the county court judgment and the default were enough to make it irresponsible for ONMO to have lent to Mr H.

That information showed that Mr H had a monthly income of £3,083 and monthly expenditure of £1,050 which left him with a monthly disposable income of £2,033. The monthly interest on his credit card, if he used his full credit limit, would've been about £90 so I consider that it was fair and reasonable for it to conclude, on the basis of the reasonable and proportionate checks that it had made, that he could sustainably afford a credit card with a credit limit of £1,500.

Mr H has referred to his gambling addiction and reckless borrowing, but I've seen nothing to show that ONMO was aware of his gambling problem or that it ought reasonably to have been aware from the reasonable and proportionate checks that it had made that he had a gambling problem. The investigator provided Mr H with information about support that's available for gambling issues and, if he hasn't already done so, I suggest that Mr H uses that information to obtain some support.

Mr H says that one of his other lenders has accepted that it lent to him irresponsibly but that doesn't mean that ONMO lent to him irresponsibly. Mr H's complaint is about ONMO and this service considers each complaint on its individual merits. On the basis of the evidence and arguments that I've seen, I'm not persuaded that there's enough evidence to show that ONMO lent to Mr H irresponsibly or that the credit that it provided was unaffordable for him.

The investigator also considered whether ONMO acted unfairly or unreasonably in some other way given what Mr H had complained about, including whether its relationship with him might be viewed as unfair to him by a court under section 140A of the Consumer Credit Act 1974, but he said that he hadn't seen anything that made him think that that was likely to have been the case. Like the investigator, I haven't seen anything that makes me think that Mr H's relationship with ONMO was likely to have been unfair to him under that section.

I appreciate that this will be disappointing for Mr H, but I find that it wouldn't be fair or reasonable in these circumstances for me to require ONMO to write-off his debt, to waive or refund any interest or to take any other action in response to his complaint. If Mr H is unable to repay his debt to ONMO, I suggest that he contacts it and explains his financial situation. It's required to respond to any financial difficulties that he's experiencing positively and sympathetically.

My final decision

My decision is that I don't uphold Mr H's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 24 October 2024.

Jarrod Hastings

Ombudsman