

The complaint

Miss M complains that Next Retail Limited irresponsibly lent to her.

Miss M is represented by a claims management company in bringing this complaint. But for ease of reading, I'll refer to any submission and comments they have made as being made by Miss M herself.

What happened

Miss M applied for a Next card in December 2019, and her application was accepted. She was provided with a £300 credit limit. Miss M says this was irresponsibly lent to her. Miss M made a complaint to Next.

Next did not uphold Miss M's complaint. They said they based their decision on information from a Credit Reference Agency (CRA), which took into consideration Miss M's overall credit commitment with other lenders, and how she managed payments to them. They also considered their own internal scoring procedures, and they deemed Miss M had the affordability to be able to sustainably make repayments to the account. Miss M brought her complaint to our service.

Our investigator did not uphold Miss M's complaint. He said Next's checks were proportionate, and they made a fair lending decision to approve the £300 credit limit for Miss M.

Miss M asked for an ombudsman to review her complaint. She said she hadn't been maintaining a number of credit agreements she held, so Next shouldn't have approved her application.

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.

Before agreeing to approve the credit available to Miss M, Next needed to make proportionate checks to determine whether the credit was affordable and sustainable for her. There's no prescribed list of checks a lender should make. But the kind of things I expect lenders to consider include - but are not limited to: the type and amount of credit, the borrower's income and credit history, the amount and frequency of repayments, as well as the consumer's personal circumstances. I've listed below what checks Next have done, and whether I'm persuaded these checks were proportionate.

The CRA reported to Next that Miss M had no County Court Judgements (CCJ's), and no defaults. And she was not in arrears on any of her active accounts at the time the checks were completed.

But the CRA also reported that Miss M had been in arrears on five of her nine accounts in the last 12 months, including one of these being in arrears within the last six months. So I'm

persuaded that this should have resulted in further checks being completed by Next to ensure that Miss M could sustainably afford repayments for the £300 credit limit.

There's no set way of how Next should have made further proportionate checks. One of the things they could have done was to contact Miss M to get an understanding of why she hadn't been able to maintain her repayments on a number of credit agreements recently. Or they could have asked for her bank statements as part of a proportionate check to ensure the lending was sustainable and affordable for her.

I asked Miss M if she could provide her bank statements leading up to this lending decision. But Miss M did not respond to the request, even though I extended the deadline for her.

So on the face of it, it does look like Next should've looked more closely into this. But as my role is impartial, that means I have to be fair to both sides and although I'm satisfied that Next should've done more checks here – I can't say whether further checks would've revealed further information which means they wouldn't have lent. So as Miss M has been unable to provide our service with the information I asked her for, that means that it wouldn't be fair for me to say that Next shouldn't have lent here, because I don't know what further checks would reveal.

I've also considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I can't conclude that Next lent irresponsibly to Miss M or otherwise treated her unfairly in relation to this matter. I haven't seen anything to suggest that Section 140A would, given the facts of this complaint, lead to a different outcome here. So it follows I don't require Next to do anything further.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 1 April 2025.

Gregory Sloanes
Ombudsman