

The complaint

Mr B complains that Vanquis Bank Limited lent irresponsibly when it increased his credit limit from £2,000 in 2015 to £4,000 in 2016.

What happened

In October 2015 Vanquis increased the credit limit on Mr B's credit card from £2,000 to £3,000. In May 2016 Vanquis increased the credit limit to £3,500 and in December 2016 it went up to £4,000.

Mr B has told us that during this period he was experiencing financial difficulties and that Vanquis should have known that the credit limit increases were unaffordable based on his credit file and how his account had been handled. Mr B complained and Vanquis responded on 3 September 2019. Vanquis didn't agree it had lent irresponsibly and said it had considered Mr B's credit file along with information it had available to decide whether the credit limit increases were affordable. Vanquis also said Mr B hadn't contacted it to say he didn't want the credit limit increases to go ahead or to advise he was experiencing financial difficulties.

Mr B referred his complaint to our service and it was passed to an investigator. She thought Vanquis had dealt with Mr B's complaint fairly and didn't ask it to take any further action. Mr B asked to appeal and explained that the issue has impacted his mental health. As Mr B asked to appeal his complaint has been passed to me to make a decision.

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 a business lends or agrees to increase a credit limit on a credit card I would expect it to complete proportionate checks to ensure that the borrowing is sustainable for the customer. In this case, I've looked at each of the credit limit increases, the information Vanquis had available and the relevant regulations.

Mr B has told us that the credit limit increases were irresponsible and complains that it should have been clear to Vanquis that they weren't affordable. Vanquis has explained that before it offered to increase Mr B's credit limit it checked his credit file and took his previous payment record into account. Vanquis says it applied its lending criteria to Mr B's circumstances and decided to proceed with the increases. Vanquis also says that each time it increased the credit limit it gave Mr B 30 days' notice during which he could have asked for his existing credit limit to remain in place.

I've looked at the information Vanquis had available each time it decided to increase the credit limit. I can see that, on each occasion, it did check Mr B's credit file. The results show that Mr B doesn't appear to have had extensive unsecured borrowing with other lenders. The credit file information showed Mr B owed other lenders £766 in October 2015, £504 in May

2016 and £369 in December 2016. The credit file information indicates that Mr B's level of debt held with other businesses appears to have been reducing over time.

Vanquis also looked at whether Mr B had any adverse credit. Vanquis has explained it does lend to consumers with some adverse information. The credit searches didn't pick up any County Court Judgements and where defaults were found, they all appear to have been registered several months before the decisions to increase Mr B's credit limit. I'm satisfied that Vanquis did check Mr B's credit record each time it chose to increase the credit limit and that the information it found was in line with its lending criteria.

Vanquis says that Mr B has consistently made payments in excess of the minimum required. Each time it increased the credit limit, Vanquis looked at Mr B's payments in the preceding months and found they were made on time. I've looked at Mr B's payment profile and while I have found some late payments, they were few in number and didn't occur in the months before the credit limit went up.

Mr B has told us he was experiencing mental health issues and financial difficulties during this period. He's sent us bank statements to give a picture of his everyday spending. I do understand Mr B was going through a difficult time, but I can only make a decision based on what Vanquis knew about him when it offered to increase the credit limit. I've looked at Vanquis' contact notes and can't find any evidence to show Mr B let Vanquis know about the problems he was going through. From Vanquis' view, I think it reasonably appeared that Mr B was managing his account, often paying more than the minimum. I also think Vanquis makes a reasonable point when it says Mr B had the opportunity to opt out of the credit limit increases because it gave him 30 days' notice of its decision before it came into effect. If Mr B thought the increases were unaffordable, he did have the option to decline them.

I'm sorry to disappoint Mr B but I'm satisfied that Vanquis did complete proportionate checks each time before deciding to increase the credit limit on his credit card. I haven't been persuaded that Vanquis lent irresponsibly or that its decision to increase Mr B's credit limit was unreasonable. As I think Vanquis has dealt with Mr B's complaint fairly, I'm not telling it to take any further action.

My final decision

My decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 20 October 2020.

Marco Manente
Ombudsman