

## **The complaint**

Mr H complains that Vanquis Bank Limited lent irresponsibly when it approved his credit card application.

## **What happened**

Mr H applied for a credit card with Vanquis in July 2016. In the application, Mr H said he was working full time and earned £24,000. Vanquis reviewed the application and looked at Mr H's credit file. Vanquis approved the application and gave Mr H a credit card with a £250 limit.

Around a year later Mr H experienced financial difficulties and had trouble maintaining the payments. Mr H asked Vanquis to accept payments of £10 a month but, instead, it sent him an income and expenditure form to complete. Vanquis didn't receive a completed income and expenditure form which meant no agreement to make reduced payments was reached and Mr H's credit card was defaulted a short time later.

Last year, Mr H complained to Vanquis about its decision to lend. He said that the information on his credit file should've shown that a credit card wasn't affordable. Vanquis responded on 8 May 2019 but didn't agree it had lent irresponsibly or made a mistake. Mr H asked our service to look at his complaint and it was passed to an investigator. He thought Vanquis had responded to Mr H's complaint fairly and didn't ask it to take any further action. Mr H asked to appeal so 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.

Mr H says that the information that was showing on his credit file in July 2016 should've been sufficient to have warned Vanquis that a new credit card wasn't affordable. Our investigator asked Mr H to send us a full copy of his credit file so we could have a look at the information it contains but it hasn't been supplied. But in its final response dated 8 May 2019 Vanquis confirms that it completed a credit search and found Mr H had historic adverse credit including County Court Judgements (CCJ) and defaults. Vanquis says that prior to Mr H's application in July 2016, just under three years had passed since any new adverse credit had been registered.

Vanquis accepts customers with some adverse credit. So historic CCJs and defaults aren't necessarily a barrier to taking out a credit card. I'm satisfied that Vanquis did a credit search on Mr H and took his credit history into account before it decided to lend.

Before a business agrees to lend it should complete proportionate checks to ensure the repayments are sustainable. In this case, Vanquis looked at Mr H's credit file. It also looked at the information he provided in the application form that said he was employed and earned around £24,000. Vanquis then applied its lending criteria to the application and took the decision to proceed. I appreciate Mr H wasn't subsequently able to maintain the payments due to financial difficulties he experienced. But that appears to have happened around a

year after the card was approved. I also note the credit limit was set reasonably low which limited the impact of the repayments due.

I'm very sorry to disappoint Mr H but I think Vanquis did complete proportionate checks before deciding to proceed with his credit card application. I'm satisfied Vanquis' decision to approve the credit card with a £250 limit was in line with its lending criteria and reasonable, based on what it knew about Mr H at the time.

As I haven't found that Vanquis lent irresponsibly I'm not upholding Mr H's complaint.

### **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 H to accept or reject my decision before 17 May 2020.

Marco Manente  
**Ombudsman**