

## **The complaint**

Mr J complains about a credit card provided by Vanquis Bank Limited. He feels the decision to lend to him was irresponsible, and says if Vanquis had completed proper checks, they would have seen that he was in financial difficulty and they shouldn't have lent to him at all.

Mr J is also unhappy that Vanquis sent him a marketing letter without him having applied for the credit independently.

## **What happened**

Vanquis sent Mr J a marketing communication for a credit card application. Mr J contacted Vanquis on 13 April 2018 to apply and was given a card with a £500 credit limit.

Mr J told Vanquis that his personal income was £31,385, and his household income was £40,680. Vanquis ran a check on Mr J's credit history, and noted that he had £10,900 of outstanding debt, no CCJs, and had not defaulted in the last eight months. They decided, based on this information, that the £500 credit limit would be affordable and sustainable for Mr J.

Mr J complained to Vanquis in March 2020, and they responded to say that they felt they had completed proportionate checks and didn't agree that it was irresponsible to lend to him.

Mr J brought his complaint to our service, and our investigator looked into things. Our investigator didn't think it was irresponsible for Vanquis to lend to Mr J, or for them to send him the marketing communication. Mr J didn't agree, he feels that Vanquis shouldn't have offered him the credit card, so he asked for an ombudsman to review the case again.

## **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 J told our investigator that he did have a default recorded on his credit file within the eight months leading up to the application with Vanquis. I asked Mr J if he could provide any evidence of this. Mr J has provided information about his accounts that were in arrears, but no confirmation of a default being applied to his credit file in this time period. So, I think that the credit check information that Vanquis relied on was accurate.

I asked Vanquis to confirm the affordability checks that they carried out when assessing Mr J's application. They confirmed that a £500 credit facility would have a monthly minimum payment of around £30, which they decided would be affordable for Mr J considering his income and outstanding debts.

Section 5 of the Consumer Credit (CONC) sourcebook, in place at the time of Mr J's application, outlines that Vanquis were required to make a proportionate check to ensure that Mr J could sustainably meet the repayments for the credit.

So, I've thought about the checks that Vanquis carried out, and whether they were proportionate in light of the credit it offered. Vanquis obtained information about Mr J's income, his outstanding debts, and his credit history in terms of defaults and CCJs. I think these checks were proportionate when considered against the relatively low amount of credit that Vanquis gave Mr J. They thought about whether he would be able to afford the repayments, and I don't think the decision they came to was unreasonable in the circumstances.

Mr J did have defaults on his credit file, which may have meant that other lenders wouldn't have given Mr J any credit. Vanquis explain that they don't refuse applications solely on previous defaults. They describe themselves as a second chance lender, giving credit to people who might not be able to obtain it from other places. It had been eight months since the last default Mr J received, so I don't think it was unreasonable for Vanquis to conclude that he was in the process of repairing his credit, and that this facility might help him in achieving that.

I understand that Mr J thinks the communication sent to him by Vanquis was opportunistic. But Vanquis aren't prohibited from sending marketing communications, and Mr J had to take the action of applying for the credit card himself following receipt of that communication, so I don't think Vanquis have done anything wrong here.

### **My final decision**

For the reasons I've explained above, I don't think Vanquis' decision to lend to Mr J was irresponsible. My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 28 December 2020.

Zoe Launder  
**Ombudsman**