

The complaint

Ms S complains that Vanquis Bank Limited trading as Chrome Card irresponsibly gave her a credit card account and later increased the credit limit.

What happened

Ms S says she opened the Chrome Card account whilst she was in an active Trust Deed and also had defaults registered on her credit file. She says Chrome Card should not have allowed her to open the account and the lending was unaffordable and irresponsible. Ms S would like all charges and interest refunded to her.

Chrome Card says the account was opened in August 2017 and Ms S told it she earned just under £50,000 with a household income of just under £100,000. It says it carried out proportionate and reasonable checks on the application and says the Credit Reference Agency (CRA) it used didn't have details of any County Court Judgements (CCJ's), or defaults and there was no reference to a Trust Deed. Chrome Card says it then used a different CRA and saw a default but that was registered some three years before the application. It says it offered a credit limit of £1,000 and increased that in July/ August 2018 after carrying a further review.

Ms S brought her complaint to us and provided evidence of the Trust Deed. Our investigator thought Chrome Card hadn't made a mistake by lending and thought all reasonable checks had been carried out. And thought Ms S had declared she was in full time employment with a household income of about £100,000. The investigator didn't think there was evidence on the CRA's that were used about the Trust Deed and that Ms S could have rejected the credit limit increase in 2018.

Ms S doesn't accept that view and questions why Chrome Card could not see the Trust Deed or the defaults.

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.

Having done so I have come to the overall view that Chrome Card carried out all reasonable and proportionate checks on Ms S's application and on the later decision to increase the credit limit. I appreciate Ms S will be disappointed by my decision.

Lender should carry out proportionate and reasonable checks on applications for credit. Those checks will vary depending on the amount of the lending and the type of lending. There is no doubt here that Ms S applied for a credit card rather than a loan or mortgage and so I accept the checks will vary in those circumstances.

I can see that Ms S was in full time employment when she applied for the credit card account in 2017 and declared a household income of just under £100,000 a year. I'm satisfied that Chrome Card carried out appropriate checks on that application and it's provided information

from the CRA it used which said Ms S didn't have any adverse information recorded against her such as CCJ's or defaults. There is no mention of the Trust Deed. So, I'm satisfied that proportionate and reasonable checks were carried out and I also think the initial credit limit offered was relatively modest. It follows that I don't think the original decision to lend was irresponsible or on the face of it unaffordable.

I appreciate that Ms S was subject to the Trust Deed that she entered into in 2014 and that she reasonably questions why that information was not recorded on her credit file. I can't answer that question. But I can't fairly hold Chrome Card responsible for information not recorded on a credit file and I'm sure Ms S appreciates that Chrome Card relies on the information it is given. I make clear that even if that information had been recorded on the credit file then Chrome Card would have to decide if it made a material difference as by that stage the Deed was taken out some three years before.

I can see that Chrome Card used a different CRA from September 2017 which I find was after the original lending decision date and that CRA did have details of a default registered in 2014. I think that by July/ August 2018 Chrome Card was reasonably entitled to conclude that default had little relevance to its decision to offer what I think was a modest credit limit increase of £750. I also think Ms S could have rejected that increase if she wished to do so but didn't and I think at that stage Chrome Card did carry out further reasonable and proportionate checks on Ms S. And would have had the benefit of looking at her credit card account management since the account was opened which I don't think would have led to Chrome Card reasonably concluding the increase was unaffordable.

I appreciate Ms S's account was defaulted but I can see that was in 2020. Overall, I'm satisfied Chrome Card carried out appropriate and proportionate checks on both the original lending decision and the credit limit increase in 2018. I appreciate Ms S will have unanswered questions about why different CRA's didn't have information about the Trust Deed or defaults, but I hope Ms S appreciates that is not something I can fairly hold Chrome Card responsible for. And it may not have made any difference to a lending decision in any event.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms S to accept or reject my decision before 14 January 2021.

David Singh
Ombudsman