

The complaint

Mr H complains Vanquis Bank Limited approved him for a credit card that was unaffordable. He also complains Vanquis later further increased his credit limit without asking him. He says this put him in financial difficulty.

What happened

In September 2015 Mr H applied for a credit card online with Vanquis. This was approved with a credit limit of £150.

Vanquis said they contacted Mr H in October 2016 to tell him they were planning to increase his credit limit. Around December 2016, Mr H's credit limit was increased to £550.

Mr H is unhappy he was approved for a card he says he simply couldn't afford based on his credit history. He says he quickly came up against his credit limit and struggled to make payments – and Vanquis made this worse when they increased his credit limit.

Vanquis didn't agree they acted irresponsibly in providing Mr H with the card or increasing the credit limit.

Mr H was unhappy with Vanquis' response. He brought his complaint to our service.

Our investigator didn't recommend we uphold Mr H's complaint. Based on the information available she didn't think Vanquis acted irresponsibly by providing the credit card or increasing his credit limit in 2016.

Mr H didn't agree with our investigator and ask for the matter to be referred to an ombudsman. So the complaint has now passed to me.

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 agree with the conclusions reached by the investigator for these reasons:

- Before lending to Mr H, I'd expect to see Vanquis carried out appropriate checks to make sure Mr H could reasonably afford the repayments. These checks should take into account things such as the repayment amount and Mr H's income
- Mr H made the initial application for the credit card in September 2015. As Mr H was a new customer to Vanquis, I'd reasonably have expected for Vanquis to have checked Mr H's monthly income - and I can see they did do this. Vanquis also provided credit search information from the application and I haven't seen anything from this or from what both sides have provided, that persuades me Vanquis should've carried out further checks before provided the card to Mr H

- Vanquis increased Mr H's credit limit around December 2016. Mr H had been a customer for over a year and had always met his repayments – and Vanquis said they relied on internal credit data to assess his suitability. However, the credit limit was increased from £150 to £550, which is quite a significant increase. So I think it would have been reasonable for Vanquis to carry out further checks and verify Mr H's income and expenditure
- Mr H hasn't been able to provide us with bank statements or a copy of his credit file, so this means I'm unable to confirm what he's said about his financial position around the time the credit limit was increased – and so I can't fairly conclude that more detailed checks would've led Vanquis to believe Mr H wasn't likely to be able to sustainably meet the repayments on the card
- Vanquis said they contacted Mr H in October 2016 to inform him they were going to increase his credit limit. I've seen screen shots from Vanquis system showing the notice was sent and I've seen a template of what would've been sent to Mr H at the time. I can see it gave Mr H 30 days to reject the increase if he didn't want his limit to change. So although Mr H said he never received the notice, I'm persuaded it was sent
- The limit increase showed on Mr H's December 2016 statement – and he then began to use it. Mr H raised a separate complaint around March 2017 about charges on his account and going over his limit, but I can't see he raised any queries or issues about the limit being increased. So, although Mr H said he didn't receive the notification, I'm not persuaded this would've meant he would've rejected the limit increase anyway

So for the reasons set out above, I do not uphold this complaint.

My final decision

My final decision is that I do not uphold Mr H's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 18 January 2021.

Michael Baronti
Ombudsman