

The complaint

Mr Z complains that Vanquis Bank Limited irresponsibly allowed him to open a credit card account that was unaffordable.

What happened

Mr Z says he received a letter from Vanquis telling him he had been pre-approved for a credit card account. He says he applied but shouldn't have been offered the account as he had a poor credit score and County Court Judgements (CCJ's) as well as defaults recorded against him. Mr Z says he was in obvious financial difficulty and would like his debt written off and any interest and charges refunded.

Vanquis says it carried out appropriate checks and says Mr Z didn't have any CCJ's and the default was registered some 4 years before the application. It says Mr Z told it he had a household income of over £30,000 and limited outgoings. Vanquis says it offered a relatively modest credit limit of £1,000 and Mr Z made required payments.

Mr Z brought his complaint to us and our investigator didn't uphold it. The investigator thought appropriate checks were carried out and the credit limit hadn't been increased. And also thought whilst Mr Z's credit file was not perfect, he didn't have any CCJ's and the default was of some age.

Mr Z doesn't accept that view and says he had a number of payday loans and it ought to have been obvious he was in financial difficulties.

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 I don't uphold this complaint. I appreciate Mr Z will be disappointed by my decision.

Lenders ought to carry out reasonable and proportionate checks on any credit application. Those checks will of course vary depending on the type of lending and the amount. I'm satisfied that Mr Z applied for a credit facility rather than for example a loan or mortgage and so I accept in those circumstances any checks would not have been as detailed.

I can see that Mr Z declared a household income of over £30,000 and told Vanquis he had relatively low outgoings. I can also see that Vanquis carried out its own checks and assessed the affordability of the application. I appreciate Mr Z says he had CCJ's and defaults but having looked at Mr Z's credit file I don't think he did have a CCJ and that the default was some time before this application.

I appreciate that Mr Z does have adverse information recorded on his credit file, but I don't think that means that Vanquis ought not to have approved the credit application. I'm satisfied that appropriate checks were carried out that were proportionate to the type of lending and

that a relatively modest credit facility of £1,000 was approved. I also think it appears that Mr Z made regular required payments which provides further evidence that the lending was affordable at the time of the application.

Lenders should treat customers in financial difficulties positively and sympathetically and Mr Z can contact Vanquis to discuss any such difficulties and options available to him.

Overall, I don't think Vanquis acted irresponsibly by approving Mr Z's application. So, it follows that I can't fairly order it to either write off the debt or refund any charges or interest which I think were applied in line with the agreed account terms and conditions.

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 Mr Z to accept or reject my decision before 2 March 2021.

David Singh
Ombudsman