

## The complaint

Mr D complains that Vanquis Bank Limited (Vanquis) lent to him irresponsibly. He wants Vanquis to cancel the debt.

## What happened

Mr D was accepted for a credit card by Vanquis in January 2013 with a limit of £500. The following credit limit increases were then applied:

Date	July 2013	January 2014	February 2015
Credit limit	£1,000	£1,750	£2,250

Mr D complained to Vanquis and said they shouldn't have offered the credit in the first place as well as the subsequent increases. Mr D remained unhappy following Vanquis' response so he referred his complaint to our service in April 2020.

An ombudsman looked into the complaint and decided the complaint was referred to our service more than six years from the credit card account opening in 2013, and more than six years after the credit card limit increases in 2013 and 2014. The ombudsman also decided the complaint was brought more than three years after Mr D knew, or ought reasonably to have known, he had cause for complaint. The ombudsman decided these parts of the complaint were out of jurisdiction but we could consider the credit increase in February 2015.

In response to Mr D's complaint, and in relation to the credit increase in 2015, Vanquis said, their searches revealed no outstanding County Court Judgments (CCJ) or newly defaulted debt. They said Mr D's external non-mortgage lending was shown to have reduced down to £3,316 in February 2015. They said this, when considered in conjunction with the other information supplied remained within the levels set as part of their lending policy. Vanquis said, since Mr D's account opened, all minimum payments requested had been received in full and on time. They said, it wasn't until June 2016 that the first instance of a late payment took place. They said, when the credit increase offer was made in 2015, information about Mr D revealed his external lines of credit to have been up to date. In view of the good account management they were able to offer the increased facility in February 2015. Vanquis didn't uphold this part of the complaint.

Our investigator looked into things for Mr D. She thought Vanquis had acted reasonably in increasing Mr D's credit limit in 2015. Mr D disagreed so the matter has come to me for 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.

Having done so, I've decided not to uphold the complaint. I understand Mr D will be disappointed by this but I'll explain why I have made this decision.

We've set out our general approach to complaints about short-term lending - including all of the relevant rules, guidance and good industry practice - on our website.

Vanquis needed to take reasonable steps to ensure that they didn't lend irresponsibly. In practice this means that they should've carried out proportionate checks to make sure that Mr D could repay the credit in a sustainable manner. These checks could take into account a number of different things, such as how much was being lent, the repayment amounts and the consumer's income and expenditure.

The first point I've addressed is whether I think Vanquis carried out reasonable and proportionate checks. Section 5 of the Consumer Credit (CONC) sourcebook, in place at the time, outline that the assessment that Vanquis needed to complete should've been dependent on, and proportionate to, a number of factors – including the amount and cost of the credit and the consumer's borrowing history. CONC also provides guidance on the sources of information Vanquis may have wanted to consider as part of making a proportionate assessment. It then gives examples of factors a firm must consider and refers to whether the information the firm has is sufficient and whether to obtain additional information from the customer and any other sources of information to use.

Vanquis is free to decide how to set their lending criteria but they should complete proportionate checks to ensure borrowing is sustainable. In this case, I can see that Vanquis, when applying the credit limit increase in 2015, considered information including how Mr D was performing on this account, any financial difficulty or affordability indicators, any CCJ and whether there were arrears reported by any other external creditor. I think the checks carried out by Vanquis are reasonable and proportionate as they take into account a number of factors. And, the checks carried out are the type I would reasonably expect because they would help Vanquis to not only build a picture of Mr D's financial situation, but also to assist in determining whether he could repay the credit in a sustainable way.

The next point I've considered is whether Vanquis made a fair lending decision bearing in mind the information gathered and what they knew about Mr D's circumstances. To help decide this, I've looked at how Mr D was performing against this account. The credit limit increase was made in February 2015 so I've looked at the 12 months leading up to this. I can see regular payments were made with no late fees being charged in this period. The monthly payments being made were also higher than the interest payment for that month. This shows that the payments were going towards the capital and not just the monthly interest which had accrued.

I've also looked at other factors which Vanquis took into account at the point the credit increase was applied. Vanquis received information from a credit reference agency which showed Mr D didn't have a CCJ or any defaults with other lenders. The information also shows that Mr D's total outstanding non-mortgage lending was £7,905 12 months before the February 2015 increase. This was brought down to £3,316 at the point the increase was applied. This shows Mr D had brought down his external non-mortgage lending by 58%. I think this demonstrates Mr D was generally managing his external debt as well as his Vanquis account reasonably well.

Vanquis say they wrote to Mr D asking him to call them within 30 days if he didn't want the credit limit increase. This gave Mr D an opportunity to decline the offer. I haven't seen any evidence which shows that Mr D declined Vanquis' offer to increase his credit limit.

So, bearing this in mind and without any information to suggest that the increase would be unaffordable, it's difficult for me to say that Vanquis should have done anything differently here. Whilst the increase did mean that the limit rose considerably from the point the card

was taken out, Vanquis have demonstrated that they carried out proportionate checks and there was nothing else to suggest Mr D might have struggled to maintain the borrowing.

There are a couple of factors here which might point towards a concern so it's only fair that I consider these. There's evidence which shows that Mr D's average utilisation of his credit limit over the three months prior to the credit increase in February 2015 was 97%. While this does show Mr D was operating very close to the previous limit of £1,750, I don't think this alone is a factor which ought reasonably to have led Vanquis to not offer the credit limit increase. I haven't seen any evidence he consistently exceeded the limit and there was an occasion in April 2014 when Mr D paid over £1,700 towards the balance. So, I think this shows that Mr D was generally able to manage his account well and did have the facility to make a larger payment if he needed to. The information provided by Vanquis also shows that Mr D had three short term loans over the three months prior to the credit increase. And, while I have noted this, nothing I have seen suggests that Mr D was relying on short term borrowing to either meet other repayment liabilities or to otherwise make ends meet. These factors therefore don't persuade me that it was unreasonable for Vanquis to increase the credit limit when taking all other factors into account.

I understand Mr D has since experienced financial difficulty and I am sorry to hear about the impact this has had on his mental health. My decision however focusses on what Vanquis knew about Mr D's circumstances at the time they increased his credit limit in 2015. And, for the reasons I have given, I don't think they've acted unfairly. We do expect lenders to treat consumers, who are experiencing financial difficulty or are vulnerable, sympathetically and positively. I feel that has been the case here. Vanquis have agreed to place the debt on hold for 30 days so Mr D can get in contact with them to arrange a repayment plan. So, this shows Vanquis have taken into account Mr D's circumstances and are taking steps to help him.

In summary, I don't uphold Mr D's complaint in this matter as I feel Vanquis carried out reasonable checks and made a fair decision to lend.

### **My final decision**

For the reasons I have given, it is my final decision that the complaint is not upheld.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 12 February 2021.

Paviter Dhaddy  
**Ombudsman**