

DRN-2562944



## **The complaint**

Mr M complains that he shouldn't have been issued with a credit card by Vanquis Bank Limited (Vanquis).

## **What happened**

In January 2019, Mr M applied for a credit card with Vanquis. He was approved with a limit of £500.

Mr M complained that he shouldn't have been given the card. He was unemployed and on welfare benefits – his Employment and Support Allowance was £6,630 per annum. In his application, he said his total income was £12,870 per annum – Vanquis didn't ask him where this came from – they should have. Vanquis calculated his expenses to be £151 per month – this wasn't correct as they were much higher than that – they didn't include bills and rent. So – Vanquis should've questioned him more on his outgoings. He had previous defaulted debts and County Court Judgements. Vanquis should've done more checks to make sure he could afford the debt he was taking on.

Vanquis said they'd reviewed Mr M's application and the call when the card was agreed. He'd said his total benefits income was £12,870 per annum, of which £6,630 was Employment Support Allowance (ESA). His monthly income was therefore £552. Mr M had provided his outgoings which came to £151 per month. His rent was paid direct to the landlord from his housing benefit. Mr M said he provided the wrong information to Vanquis – but they could only go on what they were told in the application. They'd seen the CCJs and defaulted debt – but these were between 49 and 51 months before. Other debts were shown as only £100. So – particularly as the limit was low at £500 - they said they'd lent responsibly.

Mr M brought his complaint to the service. Our investigator said Vanquis had done the necessary credit checks. The CCJs and defaults were old. On the call between Mr M and Vanquis, he'd gone through his income and expenses in detail. His rent was paid direct to his landlord from housing benefit – so that was taken care of. That left income of £510 per month (the ESA). Mr M had detailed his expenses to Vanquis on the call. While it wasn't part of Mr M's complaint, he noted that when he contacted Vanquis again in July 2019 and October 2019 – to say his benefits had been reduced - they agreed to lower payments and cut the interest rate. So, Vanquis had acted responsibly then, and in issuing the card in the first place.

Mr M asked that his complaint be reviewed by an ombudsman.

## **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 M – and his third-party advisor – have said he shouldn't have been given the card. He was unemployed and struggling with depression. The income and expenditure figures worked out by Vanquis should've been challenged by them. And had they been, the card wouldn't have been issued.

I've reviewed Mr M's application - and listened to his call with Vanquis in January 2019. He passed Vanquis' credit checks. They'd looked at Mr M's credit file – there were CCJs and defaulted debts, but these were a long time before the application – between 49 and 51 months. And there were only other debts of £100 at the time.

On the call with Vanquis, Mr M said his income from ESA was £6,630 per annum – just over £500 per month. In addition, housing benefit was said to be £6,240 per annum, and paid direct to the landlord – so Mr M didn't have to find rent out of his ESA. Mr M was asked about his expenses and listed these. They totalled £151 per month – electricity, council tax, water, food, TV, toiletries. He was asked about other expenditure such as a car, buses, taxis, gas, subscription TV, but said there wasn't anything else. So – Vanquis did question him about other expenditure, and he said there wasn't any. On the face of what they were told, Vanquis were correct to think that Mr M could afford the credit card.

Also, on the call, Mr M was asked if his condition (depression) might affect how he might be able to manage his account. He said no. He was asked if he needed support in managing his account. He said no. Vanquis asked if he needed to nominate a third party to speak to them to help manage his account. He said he didn't. Vanquis asked if his circumstances may change in the next six months – Mr M said no. So, Vanquis acted responsibly in considering Mr M's situation here.

So, while I have every sympathy with Mr M's circumstances – and I know he'll be disappointed by my decision - Vanquis didn't act irresponsibly in giving Mr M the card with a credit limit of £500. So, I won't be asking them to do anymore here.

### **My final decision**

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 8 April 2021.

Martin Lord  
**Ombudsman**