

## The complaint

Mr J complained that he shouldn't have been given a credit card by Vanquis Bank Limited (Vanquis) and they lent to him irresponsibly.

## What happened

Mr J was given a credit card by Vanquis in 2015 with a limit of £250. The limit was increased by Vanquis as follows:

Date	Old Limit	New Limit
October 2015	New card	£250
March 2016	£250	£500
August 2016	£500	£1500
March 2017	£1500	£2500
August 2017	£2500	£3000

Two payment plans were set up in May 2018 and June 2018. The debt was sold to a debt collection agency in October 2019. Mr J complained that he shouldn't have been given the card in the first place and Vanquis shouldn't have given him increased limits. He was struggling with other debts of £20,000 and he couldn't afford the new borrowing.

Vanquis responded in January 2020. They said that Mr J's credit card application stated his salary was £25,000 per annum. His credit file showed no outstanding CCJs. There was defaulted debt, but those were over three years before. Other external debt £5,500. So, they issued the card. Then there were four limit increases. At the time of each one there were no CCJs or new defaulted debt. Other debts were reducing from £5,527 (March 2016) to £808 (June 2017). Minimum payments had been made in full and on time – and more than the minimum had been paid in the three months before limit increases. Mr J was given the chance to opt out of each increase, but he didn't.

Mr J brought his complaint to this service. Our investigator looked at what had happened. He issued three views. The first (June 2020) said the issue of the card – and the increases of limit from £250 to £2,500 were OK. But he thought that Vanquis should've made more inquiries when increasing the limit to £3,000. The second view (July 2020) said that Vanquis were at fault in increasing the limit from £1,500. The third view (August 2020) said that he thought the card shouldn't have been issued in the first place. So, it followed that all borrowing shouldn't have taken place and all interest and charges since 2015 should be refunded. He said that Mr J had a Debt Management Plan (DMP) in place since 2014. This showed external debt of £12,000 - and Vanquis should've been aware of this – and made further inquiries before lending more money.

Vanquis disagreed and asked that the complaint be reviewed by an ombudsman.

I reached a provisional decision which said:

I can appreciate that Mr J feels strongly that Vanquis are responsible for lending him more

money – which he couldn't afford. He says he was struggling with lots of other debts at the time and the Vanquis card made this worse – they should've been aware of this and not given him the card, nor increased his limits. He told our investigator he had debts of around £12,000 – and he was getting advice from a debt advice charity. I've seen the information he's given us about that, and it does show debts of £11853, excluding Vanquis.

I take a different view to our investigator. I don't think Vanquis could've done anything more in reaching its decisions to lend to Mr J. I will explain why.

The guidance we follow here is - in deciding whether a customer was provided with unaffordable credit or provided with credit irresponsibly, we need to understand whether reasonable and proportionate checks were carried out to be sure they would be able to repay any borrowing. And was a fair lending decision made in the circumstances? Should the lender have realised where appropriate that in some cases, to lend more money would end up harming the customer in some way? And, these considerations must be borne in mind at the time of each of the increases in credit limit.

But the key issue is – I have seen nothing which says that Vanquis were aware that he was on a DMP. So, they didn't know he had debts of that amount. Vanquis could only make lending decisions based on the information it has at the time – and whether it suggested that there were possible problems which meant it should make further inquiries into Mr J's circumstances.

I've seen the analysis they did at the time, plus the notes on Mr J's account – for when the card was issued and the limit increases.

October 2015 – when the card was given to Mr J. The external debts were shown as approximately £5,500 – information was provided by credit reference agencies. There were no CCJs and the last recorded default was 38 months before. Mr J stated on his application form that his salary was £25,000 per annum– I've seen this. So, I think it was reasonable to give Mr J the card.

Looking at the increases in limit:

March 2016 – no CCJs were shown, the last recorded default was 42 months before, there were no new loans shown and external debt was £5,500. Mr J was paying more than the minimum payments. No payments had been missed.

August 2016 – no CCJs were shown, the last recorded default was 47 months before, there were no new loans shown and external debt was £5500. Mr J was paying more than the minimum payments. One payment had been missed – Mr J told Vanquis he forgot to make this.

March 2017 - no CCJs were shown, the last recorded default was 52 months before, there were no new loans shown and external debt was down to £714. Mr J was paying more than the minimum payments. One payment had been missed – Mr J told Vanquis he forgot to make this.

August 2017 - no CCJs were shown, the last recorded default was 57 months before, there were no new loans shown and external debt was £937. Mr J was paying more than the minimum payments. One payment had been missed – Mr J told Vanquis this was due to unforeseen expenditure.

On each increase, Mr J was given the option of saying no – he didn't.

Our investigator has said that Vanquis should've been aware of the involvement of the DMP

– which said there were debts of £12,000. But I've seen Vanquis's notes on Mr J's account. There's no reference to this. There are a lot of calls to Vanquis by Mr J, but none mentioned a DMP. I've seen the external credit data that Vanquis looked at - it shows other debts of £5,500 in 2016 – and it reduced to under £1,000 in 2017. And there were no recent defaults. Our investigator said that Vanquis should've found out why the debt reduced – but I don't agree with him. And Mr J later told us that the debt reduced because he had a PPI refund which meant he repaid some of it. Why the information on external debts was different between the credit reference agencies and the debt management plan is not clear – but since Vanquis had no knowledge of the DMP, that's not their fault.

So, Vanquis could only make its lending decisions based on the information it had at the time, and from what I've seen, there wasn't anything which might have caused it to make further enquiries of Mr J. So, they acted reasonably and proportionately. So, my provisional decision is that Vanquis don't need to do anymore here.

Vanquis had no comments to make, but Mr J did. He said (in summary):

- He'd been declined a credit card by other lenders at the time. He couldn't get a mobile phone contract.
- He'd been declined a bank loan and was overdrawn continuously.
- Vanquis didn't ask him about his credit history, credit applications to other lenders, or existing debts.
- His stated earnings of £25,000 was a gross figure before paying expenses of running his taxi business. Vanquis didn't ask about this.
- Vanquis should've asked StepChange about his other debts.
- The credit reference agency used by Vanquis didn't report accurate information.
- Vanquis target and exploit vulnerable people.

### **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.

I've considered what Mr J has said, but I'm not departing from my original findings I reached in my provisional decision.

I looked carefully at the information that Vanquis had when they made their lending decisions. This was shown in my provisional decision. In my view, based on the information before them at the time, Vanquis made reasonable and proportionate checks when lending to Mr J.

At the time of each increase, it looked as if Mr J could afford the lending. They saw that he had other debts and were comfortable with them. The CCJs were old – and getting older each time. They had no knowledge of the involvement of StepChange – Mr J hadn't told them. I looked at the credit card application and it stated a gross income before tax of £25,000 – they could only go on what Mr J told them at the time and the other information that was available to them – which is what they did here.

Mr J has made some points specifically about a credit reference agency in response to my provisional decision. But I can only consider Mr J's complaint about Vanquis here. If Mr J wishes to complain about this business, he is free to do so – but I make no comment on that matter here.

### **My final decision**

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 31 March 2021.

Martin Lord  
**Ombudsman**