

The complaint

Mr R complains that Vanquis Bank Limited lent irresponsibly when it increased the credit limit for his credit card.

What happened

In 2011 Mr R opened a Vanquis credit card while he was subject to an IVA. The original credit limit Vanquis approved was £250 but in 2013 it was increased to £1,000. At the start of 2015 the credit limit went up to £2,000 and in the summer of 2015 it increased to £3,000. After Mr R experienced financial difficulties, he made an arrangement to make payments. But due to arrears, the account was closed and defaulted in the summer of 2018.

Last year Vanquis agreed it would accept around £800 as a partial settlement for the outstanding balance. Mr R complained that Vanquis lent irresponsibly when it approved his credit card and later increased the credit limit. Vanquis looked at the credit limit increases it had approved in the six years before Mr R complained. Vanquis agreed it shouldn't have increased Mr R's credit limit in 2015 and agreed to refund interest and charges applied from that date – totalling around £725. Vanquis also agreed to amend Mr R's credit file and remove adverse information reported from 2015 onwards, including the default. After Vanquis applied its refund, the outstanding balance reduced to around £1,550 and was noted as partially settled on Mr R's credit file. Vanquis also offered Mr R £50 to apologise for providing conflicting and unclear information.

Mr R referred his complaint to this service and it was passed to an investigator. They said we can only look at events that occurred six years prior to a complaint being made – so could only consider the credit limit increases in 2015 and 2016. The investigator thought Vanquis had dealt with Mr R's complaint fairly so didn't ask it to do anything else. Mr R asked to appeal and said the account shouldn't show as being partially settled on his credit file. As Mr R asked to appeal, his complaint has been passed to me to make 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.

As our investigator has said, our rules mean we can only look at issues that occurred in the six year period leading up to a complaint being made. In this case, that means we can consider the limit increases in 2015 from £1,000 to £2,000 and, later, from £2,000 to £3,000.

Vanquis responded to Mr R's complaint and agreed it shouldn't have increased the limit on his credit card in 2015 as he was still subject to an IVA at that time. Vanquis upheld Mr R's complaint and refunded the interest and charges incurred after the credit limit increased above £1,000. The outstanding balance owed was reduced by £725 as a result.

Vanquis also took the step of removing adverse credit it had reported from February 2015 onwards. Overall, I think Vanquis has dealt with Mr R's case fairly. It's taken steps to ensure

all the interest Mr R paid after February 2015 has been refunded and removed the adverse information it reported about arrears and the default from his credit file.

Mr R has said he feels Vanquis should mark the debt as settled in full on his credit file. Mr R says the level of outstanding debt is still higher than the credit limit Vanquis approved when it lent irresponsibly. I take Mr R's point and that he feels the current settlement doesn't return him to the correct position. But, I've looked at Mr R's statements and can see he used the credit card and spent the funds made available by Vanquis. Whilst I agree it would be unreasonable for Vanquis to have retained the interest and charges it applied, I think it's fair the outstanding balance reflects the funds owed on Mr R's account. I'm sorry to disappoint Mr R but as the account balance wasn't repaid I'm satisfied Vanquis' decision to report it as partially settled is reasonable.

As I'm satisfied Vanquis has dealt with Mr R's complaint fairly, I'm not telling it to take any further action.

My final decision

My decision is that I don't uphold this complaint because Vanquis has already arranged a settlement that is fair and reasonable in all the circumstances.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 21 May 2021.

Marco Manente
Ombudsman