

## **The complaint**

Ms B has complained that Vanquis Bank Limited acted irresponsibly when it provided her with a credit card in February 2018.

## **Background**

Ms B applied for, and was given, a credit card from Vanquis in February 2018. She has told us that at this time she was gambling excessively and had a number of defaulted accounts and other forms of credit she was struggling to maintain. She doesn't believe that Vanquis did sufficient checks before providing her with the credit card and says that if it had checked her payslips and bank statements thoroughly it would've seen she was spending beyond her means and that she couldn't afford the credit card. She has asked Vanquis to apologise for giving her the card, which she says ultimately made her financial situation worse, and to refund all the interest and charges she paid on it.

Vanquis has said that at the time Ms B applied for the card, while she did have some accounts that had defaulted a few years previously, there was nothing on her credit file to show that she was struggling to maintain her finances by February 2018. It said her declared income was £35,000 and her existing unsecured debt at the time of application was £5,600. So it approved a credit card with a relatively low limit of £1,000 which it believed was affordable at the time. Therefore, it didn't agree it had done anything wrong and didn't uphold Ms B's complaint.

Ms B disagreed with Vanquis and brought her complaint to our service. One of our investigators looked into Ms B's complaint already. They found that Vanquis did run sufficient checks at the time of application and that the card looked to be affordable. For that reason, they didn't uphold Ms B's complaint either.

Ms B remained unhappy and asked for an ombudsman to review her case again and so it's been passed to me to consider.

## **My findings**

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 agree with the findings of our investigator and for much the same reasons. I know this will come as a disappointment to Ms B so I've set out my reasons why below.

Ms B has said that at the time of applying for the card she was gambling very heavily and that if Vanquis had looked at her bank statements in detail this would've been apparent and would've stopped it from giving her more credit. The rules and regulations that set out what businesses need to do before providing people with credit don't explicitly say that bank statements should be checked, although those regulations do say that businesses need to run sufficient checks. The types of checks that will be run will often depend on a number of factors including the past relationship, if any, between the lender and the customer as well as the information provided in the application form and what the customer's credit file says.

At the time of application Ms B's declared annual income was £35,000 and her credit file showed she had £5,600 of existing unsecured debt. Vanquis has said that it did see that she had a previously defaulted account on her credit file and that this was taken into consideration when the opening limit on the card was set to £1,000. But it believes this was a relatively low limit and that it was affordable for Ms B based on the information it saw at the time. It has also told us that the limit hasn't been increased since the card was opened and that the account has been well maintained; Ms B has only missed two payments since the card went live, one in early 2019 and the second in early 2020. At the time of the complaint the account was up to date and well maintained. So, it believes the card was affordable for Ms B and that it didn't make an error when it provided it to her.

I can see from the information provided by both Vanquis and Ms B that by March and April 2018 Ms B had borrowed a significant amount of money and that her outstanding unsecured debt increased from £5,600 to over £31,000. In addition to this a new default was registered in her name the following year. So, I don't doubt that around the time Ms B applied for this card things may have started to spiral for her and that her situation became a lot more difficult in the following weeks and months. However from the evidence provided it would seem that the bulk of this additional lending happened after she was approved for the credit card from Vanquis and so I can't say the business failed to take it into consideration at the time because there was no evidence to indicate Ms B was applying for credit elsewhere when Vanquis ran its checks.

I can only consider whether or not Vanquis made the right decision, based on the information available to it at the time Ms B applied for the card. And at that time, in early 2018, there was nothing on her credit file to show that she was borrowing excessively or that the card wasn't affordable. And, although Vanquis didn't ask to see her bank statements, as I explained above, there's no obligation on lenders to ask to see these. And I wouldn't expect a lender to ask for more information unless there was something on a person's credit file or application form that could indicate the credit may not be affordable.

Therefore, while I don't doubt that things became very difficult for Ms B in 2018 after she applied for this card, I can't say that Vanquis were wrong to approve it for her. The limit was relatively low, and the bank did run sufficient checks, which at that time, didn't show any indication that the lending would cause Ms B problems going forward. So I can't say the bank acted irresponsibly when it approved the card for Ms B which means I can't uphold her complaint against it.

### **My final decision**

For the reasons set out above I don't uphold Ms B's complaint against Vanquis Bank Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms B to accept or reject my decision before 17 May 2022.

Karen Hanlon  
**Ombudsman**