

## **The complaint**

Mr P complains that Vanquis Bank Limited irresponsibly allowed him to open a credit card account that was unaffordable.

## **What happened**

Mr P says Vanquis should not have allowed him to open a credit card account in 2017 as he was in financial difficulties. He says the lending was unaffordable and irresponsible and the account wasn't suitable for him.

Vanquis says the account was opened in December 2017 and Mr P told it he was in full time employment earning just under £20,000 a year. It says it carried out checks on the application and could see Mr P didn't have any adverse information on his credit file and debt of £800. Vanquis says the credit limit was modest at £250 and received information from a different Credit Reference Agency (CRA) after the account was opened that Mr P's overall debt was about £13,000.

Mr P brought his complaint to us and our investigator didn't uphold it. The investigator thought Vanquis carried out appropriate checks and that there wasn't any adverse information recorded on Mr P's credit file. The investigator didn't think Vanquis responsible for the later information about Mr P's debt or that would have made a difference to the lending decision.

Mr P doesn't accept that view and says he had far more debt at the time of lending than £800.

## **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 have come to the overall view that I don't uphold this complaint. I appreciate Mr P will be disappointed by my decision.

Lenders and credit providers should carry out reasonable and proportionate checks on any credit or lending application. Those checks will of course vary depending on the type and amount of that lending. This was an application for a credit facility rather than for example a loan or mortgage and so I wouldn't have expected Vanquis's checks to have been as detailed as for that type of lending.

I can see that Mr P applied for the Vanquis credit card account and declared an income of just under £20,000 a year. I can also see that Vanquis did carry out checks on the application and took into account the lack of any adverse information on Mr P's credit file such as defaults or County Court Judgements. I'm satisfied that Vanquis calculated Mr P's debt at £800 and offered him what I think was a very modest credit limit of £250. So, I don't think Vanquis's lending decision was irresponsible or unaffordable and that it did carry out reasonable and proportionate credit checks.

I appreciate Mr P's actual debt in December 2017 may have been significantly higher. But I don't think Vanquis could have known that and was reasonably entitled to rely on the information it received. In any event I don't think it would have been irresponsible to have given Mr P a credit limit of £250 even if he did have £13,000 worth of debt as there wasn't any adverse information recorded at that stage on his credit file.

I have looked carefully at Mr P's credit file and having done so I'm satisfied that Mr P's financial difficulties took place some time after Vanquis's lending in December 2017.

Overall, I'm satisfied Vanquis carried out reasonable and proportionate checks on Mr P's credit card account application and that its lending was on the face of it affordable and not irresponsible.

### **My final decision**

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 9 August 2021.

David Singh  
**Ombudsman**