

## The complaint

Miss J complains that Vanquis Bank Limited acted irresponsibly when it provided a credit card to her. She said it had not done a thorough check of her credit history and she is now in financial difficulty.

## What happened

Miss J applied for a credit card with Vanquis in July 2018. The application was successful, and Vanquis issued Miss J with a credit card with a credit limit of £500. Miss J told Vanquis that her personal income was £2,000 per month and that this was the household income. Vanquis ran a check on Miss J's credit history and noted that she had £4,900 of outstanding debt. It also noted it had been over three years since a default had been reported and 11 months since a County Court Judgement (CCJ) had been reported. It decided, based on this information, that a £500 credit limit would be affordable and sustainable for Miss J.

In September 2020 Miss J complained to Vanquis. She said it had been irresponsible for Vanquis to have granted her the credit card in view of her financial circumstances at the time. In its final response Vanquis did not uphold her complaint. It said it had found no reason to consider it had been irresponsible to grant Miss J an initial credit facility.

Miss J didn't agree and brought her complaint to this service. She said Vanquis should have taken a more thorough look at her credit history; she had missed payments and defaults. She said she'd been desperate for money so she'd tried everything to get some and that Vanquis gave her a credit card with £500 limit, knowing she couldn't afford to pay it back.

Miss J also said she had been a single mum to three children since 2005 and hadn't worked in 15 years. She said she came into financial difficulties in 2018 which is when she applied for the card. She said she is now struggling financially which is affecting her mental health.

Our investigator concluded that Vanquis hadn't acted fairly. He said Vanquis hadn't carried out proportionate checks for Miss J's application and he didn't consider it had been borrower focused. The investigator also considered whether Vanquis had treated Miss J fairly during the time her account was active. He said Vanquis hadn't monitored the account nor did it take steps to consider whether it should step in and help Miss J manage her account. He recommended Vanquis refund all fees, charges, and interest applied to Miss J's account from September 2019 onwards, and to amend her credit file.

Vanquis didn't agree with these conclusions and asked for a decision from an ombudsman. It provided evidence of its attempts to contact Miss J as well as further comments that its checks had been proportionate and that it had had no evidence Miss J was in financial difficulty.

I issued a provisional decision on 1 June 2021. I said:

*Miss J has said Vanquis should have declined her credit card application. She said had it done a more thorough check of her credit file it would have seen missed payments and defaults. I understand that this information may prevent some lenders*

*from offering credit. But this wouldn't necessarily mean Vanquis' decision to approve Miss J's credit card application was wrong.*

*Vanquis offers cards to people who want to improve their credit rating and because they may have poor or absent credit history, sometimes referred to as second chance lending. So, it wouldn't be unusual for a customer to have pre-existing debts with another lender or for Vanquis to extend lending on that basis.*

*I would still expect Vanquis to have assessed the affordability of credit to ensure that Miss J could afford the repayments. And while it's up to Vanquis which checks it carries out, they do need to be reasonable and proportionate to the amount being borrowed, the cost of repayment and a customer's lending history.*

*Vanquis said Miss J declared a personal income of £24,000, which was also confirmed in the welcome call. It said its searches revealed outstanding external debt to be £4,800. It had been over three years since a default had been reported and 11 months since a CCJ had been reported. It said as a second chance lender historic negative information wouldn't necessarily prevent it from granting someone the facility. I've listened to the application welcome call. Miss J confirms her income to the operator.*

*On the application form Miss Jay said she doesn't work and during the call she started to list her tax credits. This would not necessarily be a barrier to lending and Miss J has said she had income totalling £2,000 per month. The operator also asked Miss J if she expected any changes to her income in the following six months to which Miss J said no. He goes on to ask if she needed a different statement format or any support in managing her account. Again, Miss J said no.*

*Following successful application over the next 18 months Miss J ran her account close to and sometimes over the limit. But Vanquis said that on several occasions the payments have been received a day after their payment due date, that is, the day after the late payment charge had been applied. It said this would suggest poor account management or an oversight and not unaffordability or financial difficulty. It went on to say Miss J's payments were enough to cover the minimum payment due and allowed her to continue spending on the account; therefore, these payments were on occasion more than the minimum payment required.*

*Given the small amount of credit Vanquis offered Miss J in relation to her declared income, I think it was reasonable for it to have accepted Miss J's application.*

*At the end of the welcome call the operator told Miss J that if there were any changes to her financial circumstances Miss J should let it know. I've looked at Miss J's statements. During 2020 payments began to be consecutively missed. I can see from the contact records Vanquis made numerous attempts to contact Miss J, but all attempts went unanswered. I do understand that in times of financial stress it can be very difficult to answer such calls. Businesses have a responsibility to respond sympathetically and positively to consumers who are in financial difficulties. But Miss J also had a responsibility to let Vanquis know she was having trouble making the required payments and I'm persuaded in this case that Vanquis wasn't given the opportunity to help Miss J.*

Subject to any further information the parties might provide I was minded not to uphold this complaint.

**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.

Neither Vanquis nor Miss J provided any new comments or evidence. I see no reason to depart from my original conclusions so my provisional decision still stands.

### **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 Miss J to accept or reject my decision before 10 August 2021.

Maxine Sutton  
**Ombudsman**