

## **The complaint**

Miss V complains that Vanquis Bank Ltd acted irresponsibly by giving her a credit card when she was unemployed and in financial difficulty.

## **What happened**

In October 2018 Miss V applied for a credit card from Vanquis – they gave her a credit limit of £150. She says she was in financial difficulty at the time, and that this would've shown on her bank statements and credit file.

Miss V says trying to keep up with repayments left her short of money every month. She complained to Vanquis that they hadn't carried out enough checks to make sure she'd be in a position to pay back the money. She asked them to refund the interest and charges she'd paid and to delete any negative information from her credit record. Miss V says Vanquis didn't respond to her email about this – they sent her account to a debt collection company.

Our investigator didn't think Vanquis had acted irresponsibly by giving Miss V a credit card. He felt the checks they'd carried out were reasonable and proportionate for a proposed credit limit of £150 – and that those checks didn't show anything suggesting she wouldn't be able to afford the repayments. He said there was no rule saying lenders mustn't lend to customers with negative information on their credit file, or that they must ask for bank statements. And as he hadn't seen anything to suggest Vanquis knew Miss V was unemployed when they granted the credit card, he didn't think they'd acted unfairly.

Miss V disagreed with our investigator's view, so the case has come to me for 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.

The Financial Conduct Authority (FCA) sets out rules and guidance for lenders to follow – these can be found in the Consumer Credit Sourcebook (CONC). I've reviewed what this required Vanquis to do at the time of Miss V's credit card application.

Before giving Miss V a credit card, Vanquis were required to carry out a creditworthiness assessment. This meant making reasonable and proportionate checks to satisfy themselves that she'd be able to make repayments in a sustainable way. These checks weren't just about how likely it was that they'd get their money back – they had to focus on whether the repayments would adversely affect Miss V's financial situation.

There was no set list of checks that had to be carried out, but Vanquis had to make sure the checks they completed were proportionate in the circumstances. There were a number of factors that might affect how extensive these checks needed to be, such as the type and amount of credit, the customer's financial position, their credit history and other financial commitments.

Vanquis have provided evidence showing they asked questions about Miss V's income during her application, which was concluded over the phone. I've listened to that call recording. Miss V said she thought her personal annual income was around £14,000 before tax. She went on to explain that each month she got about £400 in benefit and £800 in wages, paid every four weeks. Vanquis' call handler calculated this to be around £15,600 per year. Miss V confirmed this. She said she wasn't expecting any changes to her income in the next six months.

Vanquis have told us they also checked credit reference agency information. This showed Miss V had eight active accounts with other financial businesses, with a total outstanding balance of £2,100. It showed she had no county court judgments (CCJs) and that it had been 16 months since a default had been reported against her.

I'm satisfied that the checks Vanquis carried out were reasonable and proportionate in the circumstances. I've seen nothing in the information revealed by those checks that should've given them cause for concern that approving £150 credit would adversely affect Miss V's financial situation. I say this because, although her credit file showed she'd previously been in default on another agreement, this doesn't necessarily mean any future credit applications should automatically be declined. In this case 16 months had passed since a default was reported.

I've seen no evidence that Miss V told Vanquis she was in financial difficulty. She says that, if they'd asked to see her bank statements, they'd have realised she couldn't afford to make repayments on a credit card. But I have to bear in mind the personal income Miss V had declared, and the relatively low amount of credit Vanquis offered. I'm not persuaded that more in-depth checks, such as asking for bank statements, should've been carried out in this case. For these reasons I don't find Vanquis to have acted irresponsibly by approving this credit card application.

I appreciate Miss V feels strongly that, as an unemployed single mother, Vanquis shouldn't have approved her application. I've given this careful thought. The evidence confirms that, during the application process, Miss V said she didn't live with anybody who had an income. But she told them she was receiving around £800 per month in wages as well as benefits – and I consider it reasonable for Vanquis to rely on this information. So, I can't say they've treated her unfairly.

### **My final decision**

For the reasons I've explained here, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss V to accept or reject my decision before 12 August 2021.

Corinne Brown  
**Ombudsman**