

The complaint

Mrs R complains that Vanquis Bank Limited irresponsibly allowed her to open a credit card account and later increased the credit limit which she says was unaffordable.

What happened

Mrs R opened the Vanquis credit card account in 2010 and says over the next two years her credit limit was increased from £250 to £3,000. She says Vanquis didn't carry out credit checks and that the account was unaffordable. Mrs R says she was in a Debt Management Plan (DMP) at the time and had a poor credit rating. Mrs R also says she only made minimum required payments, yet Vanquis increased the credit limit. She says the lending was unaffordable and irresponsible.

Vanquis says Mrs R declared a household income of £27,000 and says it carried out appropriate checks. It says Mrs R's other non-secured debt at the time was about £3,000 and there wasn't any recent adverse information on her credit file. Vanquis says Mrs R managed her account appropriately until July 2014 which was some two years after the last credit limit increase.

Mrs R brought her complaint to us and our investigator didn't uphold it. The investigator thought Vanquis had carried out appropriate checks on Mrs R's application and credit limit increases. And didn't think there any evidence that Vanquis was aware of the DMP or that it appeared on the records of the Credit Reference Agency (CRA) records it used. The investigator thought Mrs R managed this account appropriately and made payments greater than the required amounts. The investigator also looked at Mrs R's bank account statements and didn't think there was any information of concern recorded on them even if Vanquis had looked at them.

Mrs R doesn't accept that view and says her bank balance was far from healthy and her credit score was, at the time, low.

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 Mrs R will be disappointed by my decision.

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

I have looked carefully at Vanquis's records and can see that Mrs R declared a household income of £27,000 and that Vanquis did carry out checks on the application. I can see that Vanquis checked Mrs R's other non-secured debt and carried out checks on her credit file. I

appreciate Mrs R says no credit checks were carried out, but I'm satisfied they were. And that Vanquis was reasonably entitled to conclude that there wasn't any any recent adverse information recorded on Mrs R's credit file and that on the face of it the lending facility was affordable.

I appreciate Mrs R says she was in a DMP at the time, but I can't see any reference to that on the records of the CRA that Vanquis used, and I can't fairly hold it responsible for that. I accept due to the passage of time that Mrs R can no longer obtain a copy of her credit file for the required time period.

I'm satisfied that overall Vanquis carried out reasonable and proportionate checks on Mrs R's credit card account application in 2010 and gave her what I think is a modest credit limit of £250. I'm also satisfied Mrs R managed her account appropriately and made on occasions payments greater than the minimum required amounts. So, I'm also satisfied that the credit limit increases were appropriately checked, and Mrs R's account management provides evidence that they were affordable.

I have looked at Mrs R's bank account statements which I accept Vanquis didn't look at. I don't think it was required to do so and, in any event, I can't see any obvious signs of financial difficulties. And that it appears that account was appropriately managed.

Overall, I'm satisfied Vanquis did carry out reasonable and proportionate checks on the credit card account and on later credit limit increases. I appreciate the main part of Mrs R's complaint is that Vanquis didn't carry out any checks before opening the account, but I'm satisfied having looked at its records, that it did carry out those checks.

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 Mrs R to accept or reject my decision before 18 August 2021.

David Singh
Ombudsman