

The complaint

Miss J complains about Vanquis Bank Limited (“Vanquis”) for allowing her to open a credit card account. She thinks that the account was not affordable to her and Vanquis was irresponsible to lend to her. She wants Vanquis to waive her outstanding debt and refund any overcharged interest.

What happened

In September 2018, Miss J applied for a Vanquis credit card. She provided initial information in writing and her application was accepted. Her credit limit was set at £1000.

Miss J began spending on her card and quickly her balance rose, almost to her credit limit.

She made minimum repayments but in March 2019 Miss J exceeded her credit limit.

Miss J continued to make payments on the card but remained mostly over her credit limit up until at least August 2019.

Miss J fell into financial difficulties and was unable to repay her credit card. Her debt has subsequently been sold to a third party.

In November 2020, Miss J complained to Vanquis. She felt that she ought not to have been approved for the credit card.

Vanquis sent her its final response in December 2020. It rejected her complaint and pointed to information she provided in her application about her income and living situation.

Miss J was not happy with this response and contacted us.

One of our investigators has looked into this matter and set out his view to the parties. This was that, based on the information Miss J provided to Vanquis, and the information available from its credit searches, it was reasonable to approve Miss J for a card and the limit set was reasonable. He therefore did not think that Vanquis ought to do anything further.

Miss J did not accept that view and asked for an ombudsman 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.

Firstly, I appreciate that Miss J has fallen into financial difficulties and must find this experience very difficult.

I sympathise, but when looking at the complaint I must do so looking at the circumstances which were present when the decisions were taken, rather than based on what subsequently happened. The fact that Miss J later became unable to afford her credit card does not necessarily mean that it was unaffordable at the time the lending decision was made.

When considering this complaint, I have borne in mind that Miss J actively applied for this credit card, and clearly wanted it when it was approved. She also used the credit and had the benefit of that lending.

I have had regard to the information that Miss J provided at the time of application, which included that she earned £32,000 per year and was expecting a pay rise in the near future. She also advised that she was living with parents, and her household income was around £150,000. This information suggests a reasonably high level of disposable income with which to make repayments.

Vanquis also carried out a credit search and found that Miss J had a previous default, around 27 months earlier, and other debts amounting to around £7500.

On the basis of this information, Vanquis decided to approve her application and to set a credit limit of £1000. This decision appears to be reasonable and in line with Vanquis' criteria for lending. I do not consider that the lending appeared unaffordable, or created a disproportionately high overall level of debt for Miss J. I do not think that the default should have been a barrier to borrowing, as this was some time previously and was within the lender's tolerance.

I note that Miss J feels that Vanquis ought to have gone further when checking her information as she points out that she could have provided wrong information in order to get the card.

Lenders ought to be able to rely on customers providing accurate information and we would not usually hold the lender responsible if a consumer provides inaccurate or misleading information. We expect lenders to make proportionate checks when making lending decisions and the level of checks would need to be greater when lending a large sum.

In this instance, the sum being considered was reasonably low so we would not expect lenders to go to such lengths as requiring proof of income in order to make a fair decision.

I have therefore not seen evidence that Vanquis was irresponsible when making its initial decision to lend, and the initial credit limit offered, of £1000, was reasonably low. This limit was kept under review, and no increases were offered on this limit.

As a result, I have not seen evidence that Vanquis acted unreasonably, and I do not uphold the complaint.

I appreciate that this will be disappointing to Miss J, but I hope it makes clear the reasons why I have reached this decision.

My final decision

Your text here

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss J to accept or reject my decision before 16 September 2021.

Laura Garvin-Smith
Ombudsman