

The complaint

Miss L is unhappy that Vanquis Bank Limited approved her for a credit account which she feels was unaffordable for her at that time.

What happened

Miss L applied for a Vanquis credit account in April 2019. Her application was approved, and Vanquis issued Miss L with a credit card with a £500 credit limit. This credit limit was never subsequently increased and remained at £500.

In January 2021, Miss L raised a complaint with Vanquis on the basis that she felt her initial application for credit shouldn't have been approved by Vanquis because the credit wasn't affordable for her at that time.

Vanquis looked at Miss L's complaint. But they felt that they had undertaken reasonable and proportionate checks into Miss L's financial position at the time of the credit application and that there had been nothing resulting from these checks that should have given them cause to consider that the credit Miss L was approved for was unaffordable for her at that time. Because of this, Vanquis didn't uphold Miss L's complaint.

Miss L wasn't satisfied with Vanquis' response, so she referred her complaint to this service. One of our investigators looked at this complaint. But they also felt that Vanquis had undertaken reasonable and proportionate checks at the time of the credit application and that these checks hadn't highlighted anything that ought reasonably to have given Vanquis cause to suspect that Miss L might not be able to afford the credit being offered. As such, our investigator also didn't uphold this complaint.

Miss L remained dissatisfied, so the matter was escalated to an ombudsman for a final 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.

It's for a business to decide whether it will offer credit to a customer, and if so, how much and on what terms. What this service would expect would be that the business would undertake reasonable and proportionate checks to ensure that any credit being offered to a customer is affordable for that customer at that time.

Vanquis say that they did that here. At the time of the credit account application they took details of Miss L's income and expenditure information to confirm that any potential monthly repayments would be affordable for Miss L at that time. And given the information that Vanquis received from Miss L here – that she had an annual income of approximately £12,000 with monthly expenditure of £240 – I'd find it difficult to censure Vanquis for concluding from that information that Miss L most likely could afford any potential monthly account repayments at that time.

Vanquis also reviewed information from Miss L's credit file in order to gain a better understanding of Miss L's wider financial position. And, while there was some adverse information recorded on Miss L's credit file, including a default and a county court judgement, this adverse information was all over five years old at the time of the account application, while Miss L's more recent credit history appeared to be non-problematic.

Considering this, I'm satisfied that it was reasonable for Vanquis to have concluded that Miss L's more recent credit history didn't provide anything that ought to have indicated to Vanquis that Miss L might not be able to afford the credit account that she's applied for, and I don't feel that the older adverse information on Miss L's credit file ought to have overridden Vanquis' assessment of Miss L's more recent credit history.

Miss L has stated that she feels that Vanquis ought to have undertaken more rigorous checks into her financial position before approving her for credit, including that they ought to have asked to review her bank account statements.

I can appreciate Miss L's position here, but what this service would expect Vanquis to have done would be to undertake checks that are reasonable and proportionate in consideration of the circumstances of the application. And, in this case, I don't feel that it would have been proportionate, or reasonable, for Vanquis to have asked to review Miss L's bank account statements given the non-problematic nature of the information that they'd already gathered as well as the relatively low credit amount of £500 under consideration.

Miss L has also stated that she feels Vanquis ought to have realised that the monthly expenditure amount of £240 that she provided to them was unrealistically low, and that Vanquis should have made further enquiries.

But Miss L was given the opportunity to provide information about her monthly expenditure to Vanquis and she gave her monthly expenditure amount as £240. Additionally, I don't feel that it necessarily follows that this amount should have been considered as being incorrect by Vanquis, and I note that there are several possible scenarios where such a monthly expenditure amount is plausible, including that this genuinely was Miss L's monthly expenditure amount or that Miss L received financial assistance from other sources. Ultimately, I don't feel that it was unfair for Vanquis to have based their assessment of Miss L's financial position on the information given to them by Miss L.

I'm also satisfied that Vanquis did conduct reasonable and proportionate checks into Miss L's financial position, and it follows from this that I don't feel that any further enquiries were necessary in this instance on Vanquis' behalf. And again, this is because of the non-problematic nature of the information that Vanquis had already gathered as well as the relatively low credit amount being considered.

All of which means that I find it very difficult to conclude that Vanquis have acted unfairly toward Miss L here by approving her for the credit that they did on the basis of the information which they gathered about her – and which was gathered by checks which I'm satisfied were reasonable and proportionate in consideration of the amount of credit being applied for.

I realise that this won't be the outcome that Miss L was wanting here, but it follows that I won't be upholding this complaint or instructing Vanquis to take any further action at this time. I trust that Miss L will understand, given what I've explained, why I've made the final decision that I have.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss L to accept or reject my decision before 8 October 2021.

Paul Cooper
Ombudsman