

## **The complaint**

Mrs B complains that Vanquis Bank Limited irresponsibly allowed her to open a credit card account which was unaffordable.

## **What happened**

Mrs B says Vanquis should not have allowed her to open a credit card account as it ought to have been clear to it that it would be unaffordable. She says she was a homemaker with limited income and the lending caused her financial difficulties. Mrs B would like the interest and charges refunded and says the lending was irresponsible as well as a later credit limit increase.

Vanquis says it carried out appropriate checks on Mrs B's application. It says she declared an income of £12,000 with a debt of £100. It also says it carried out appropriate checks on the credit limit increase from £500 to £1,000 in January 2018. Vanquis says Mrs B made appropriate payments before the increase and wasn't aware of any financial difficulties at the time.

Mrs B brought her complaint to us and our investigator didn't uphold it. The investigator thought Vanquis had carried out appropriate checks on the application and that Mrs B had limited debt or any adverse information on her credit file. The investigator also thought appropriate checks were carried out before the credit limit increase and that Vanquis was entitled to consider Mrs B's appropriate account management.

Mrs B doesn't accept that view and says her declared income may have been exaggerated and that family members had been helping her make required repayments.

## **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 B will be disappointed by my decision.

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

I'm satisfied Mrs B declared an income of £12,000 and that Vanquis carried out appropriate checks on her credit file. I can see that Vanquis calculated Mrs B's debt at what I think was an extremely low amount of £100 and concluded that she didn't have any recent adverse information on her credit file such as recent defaults or missed payments. So, I'm satisfied Vanquis did carry out reasonable and proportionate checks on Mrs B's credit application and

was reasonably entitled to conclude the lending was affordable. I also think Vanquis approved what I think was a modest credit limit of £500

I can see Mrs B made required payments and managed her account appropriately before the credit limit increase. So, I'm also satisfied Vanquis carried out reasonable and proportionate checks on that increase and again approved a modest increase of £500 to the credit limit.

I appreciate Mrs B says her declared income may have been inflated and that family helped her make the required repayments. But I don't think Vanquis could reasonably have known about that and in those circumstances, I can't fairly hold it responsible for that.

Overall, I'm satisfied Vanquis carried out appropriate checks on Mrs B's credit card account application and on the later credit limit increase. I'm also satisfied the lending was on the face of it affordable and that Mrs B managed her account appropriately for some time after the credit limit increase which I think provides additional evidence that the lending was affordable.

### **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 B to accept or reject my decision before 12 October 2021.

David Singh  
**Ombudsman**