

The complaint

Ms M complains that Vanquis Bank Limited trading as Vanquis Bank lent irresponsibly when it approved her credit card and later increased the credit limit. Ms M also complains that Vanquis didn't help her when she experienced financial difficulties.

What happened

In November 2013 Ms M applied for a credit card with Vanquis. Ms M's income was given as £22,000 and she told Vanquis she was a tenant. Vanquis completed a credit search and found Ms M had no County Court Judgements. But Vanquis did find Ms M had defaults that were around two years old. Ms M's application was approved with a credit limit of £500.

Between March 2014 and September 2015 Ms M's credit limit was increased four times, reaching £3,500. Vanquis says that each time it increased Ms M's credit limit it reviewed information from her credit file and applied its lending criteria.

In February 2018 Ms M missed a payment. Throughout 2018 Ms M contacted Vanquis and explained she was experiencing difficulties maintaining her payments. Later in the year, Ms M told Vanquis her husband had passed away. Vanquis says it offered Ms M a payment arrangement which she accepted but further payments weren't made. As a result, Ms M's credit card was closed and a default recorded on her credit file.

More recently, Ms M complained to Vanquis but it didn't agree the decision to lend was irresponsible. And Vanquis didn't agree it had failed to provide support when Ms M needed it. Ms M's complaint was referred to this service and passed to an investigator. The investigator thought Vanquis had dealt with Ms M's complaint fairly so didn't ask it to do anything else.

Ms M's representatives asked to appeal and said Ms M was already in a large amount of debt when she applied to borrow funds from Vanquis. Ms M's representatives also said her outstanding unsecured debt increased to around £48,000 during her relationship with Vanquis. As Ms M's representatives asked to appeal, her complaint has been passed to me to make 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.

As Ms M's complaint falls broadly into two parts I'll start but looking at Vanquis' decision to approve her credit card and later increase the credit limit. Before a business agrees to lend it should carry out proportionate checks to ensure the repayments are sustainable for the borrower. There's no set list of checks a business has to complete. But details from a consumer's credit file, application and information a business knows about them can all be taken into account. Where a business doesn't have enough information to carry out a proportionate check it should either ask for more or take the decision to increase the lending.

I've considered whether Vanquis had sufficient information available to it to complete proportionate checks in this case.

When Ms M applied, Vanquis looked at her application and noted an income of £22,000. Ms M's credit file showed she had around £10,000 recorded as unsecured debt and had defaults on other debts around two years before. Vanquis says it allows some adverse credit and the defaults fell within its lending criteria. Vanquis approved Ms M's credit card with a credit limit of £500. Taking the available information into account, I'm satisfied Vanquis did carry out proportionate checks and its decision to approve the credit card was reasonable.

I've looked at each of the following credit limit increases. I've also looked closely at the credit file information Vanquis had available. I can see that, generally, Ms M's outstanding credit balance figure was reducing over time. In addition, Ms M had no new defaults during the period Vanquis increased her credit limit. Vanquis says Ms M's credit card was well maintained during the period it increased her credit limit. I can see some instances of Ms M exceeding the credit limit but these weren't in the months preceding Vanquis' increases. Vanquis also says it took the level of repayments Ms M made into account and I can see she often paid more than the minimum.

Vanquis says all the credit limit increases were applied in line with its lending criteria following proportionate checks. I'm sorry to disappoint Ms M but I'm satisfied Vanquis did carry out proportionate checks. I haven't found Vanquis lent irresponsibly.

Ms M also complains that Vanquis failed to provide support while she was experiencing financial difficulties. Vanquis has forwarded call recordings from 2018, when Ms M made contact and asked for help. I've listened to the calls and I thought Vanquis did provide positive and sympathetic support. At various points it agreed to waive or refund fees. It also placed Ms M's account on hold and agreed a fixed payment plan. I understand Ms M went through an extremely difficult time and but I thought Vanquis offered support and treated her fairly.

I've noted Ms M's representative's response to the investigator and that she had around £48,000 of debt during the period in question. But the information Vanquis had didn't show that. The credit file information showed Ms M owed around £12,000 in open unsecured debts at the end of 2013. In September 2015, when the final credit limit increase was approved, Ms M's credit file showed that figure had reduced to around £10,000. I also note the total value of the defaults recorded on Ms M's credit file also reduced over this period.

I'm sorry to disappoint Ms M but as I haven't found that Vanquis lent irresponsibly and I'm satisfied it dealt with her complaint fairly, I'm not telling it to take any further action.

My final decision

My decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms M to accept or reject my decision before 7 October 2021.

Marco Manente
Ombudsman