

The complaint

Mr M complains that Vanquis Bank Limited (“Vanquis”) irresponsibly and unfairly allowed credit limit increases on his credit card.

Mr M has been represented when bringing this complaint. For ease, any reference I make to him includes his representatives unless specified.

What happened

The background of this complaint is well known to all parties so I’ve summarised events.

- Mr M took out a Vanquis credit card in January 2011. Across the life of the card the credit limit was increased in June 2014, December 2016, and May 2017.
- Mr M says Vanquis failed to carry out sufficient checks at the sale of the card and at each credit increase. And as the limit was unaffordable for Mr M, it was inevitable he would default on his repayments and go into debt.
- An objection was received from Vanquis on the jurisdiction of our service to investigate this complaint. Our service issued a decision which determined the initial sale and June 2014 increases were brought too late, but we were able to consider the subsequent credit increases.
- Our investigator considered the complaint and didn’t uphold it. She said both in 2016 and 2017 Mr M appeared to be maintaining his debts. While he’d been over his credit limit for a period in 2016, this was rectified some months prior to the December increase. Following this (up until the next increase) he’d managed the account well within the credit limit, and his external lending had decreased.
- The investigator also said she’d been given no evidence to indicate (such as a credit report) Mr M was in financial difficulties more widely, nor that he’d told Vanquis of any financial concerns. So, she was satisfied Vanquis’ increases were reasonable and it had carried out sufficient checks.
- Mr M’s representative disagreed. He said Mr M’s bank statements showed he was in difficulty and further lending was unaffordable. As an example he said in November 2016 it was clear Mr M had withdrawn around £2,700 in cash to pay for his essential monthly expenses and priority bills. The representative also asked for weight to be placed on Mr M making only minimum payments.
- The investigator looked again, but disagreed, saying it would be unusual to pay priority and monthly expenses in cash and there was no evidence of this, and Mr M had used that account for items and expenses more generally. She also didn’t agree making minimum payments was a sign of financial difficulty.

So the complaint has been passed to me for an ombudsman’s 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.

Having done so, I'm not upholding this complaint.

- Lenders don't have 'set checks' that they have to undertake when considering an application for credit. But they do have a responsibility to carry out appropriate and proportionate checks to ensure that the consumer can afford the lending.
- For both increases, Vanquis carried out searches for CCJs, recent previous defaults, and overall external lending. These searches didn't show anything concerning. And in light of the sums involved, I'm satisfied these were proportionate searches.
- *December 2016 increase* – I agree with our investigator that Mr M's bank statements around this time do not indicate any financial difficulties. And I'm not persuaded by his representatives claim that a sum of £2,700 was used in cash to pay essential and priority bills – I say this because this hasn't been supported by any evidence.
- *May 2017 increase* – again, I agree with our investigator that Mr M's financial position appeared to improve in light of his reduced external debt.
- I'm not persuaded Mr M's use of minimum repayments shows he was in financial difficulty – particularly in light of all the surrounding evidence mentioned above.
- So overall, I've seen nothing to persuade me Vanquis' actions were unfair or unreasonable in providing further credit.

My final decision

For the above reasons, I'm not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 12 October 2021.

Jack Baldry
Ombudsman