

## **The complaint**

Mr E complains that Vanquis Bank Limited irresponsibly increased the credit limit on his credit card account to unaffordable levels.

## **What happened**

Mr E says he opened the Vanquis account in 2018 and accepts the initial lending decision was appropriate and not unaffordable. But he says the credit limit increases over £1,000 were unaffordable and irresponsible. Mr E would like interest charged over that limit refunded and interest paid on that refund to him at 8%. He says Vanquis didn't carry out appropriate checks before increasing the credit limit and says it mis-calculated or didn't take into account all of his debts.

Vanquis says it did carry out appropriate checks on the credit limit increases and says Mr E was in employment with a good credit history. It says it carried out checks on his debts at the time of the credit limit increases which were within its lending policy. Vanquis says Mr E managed his account appropriately throughout.

Mr E brought his complaint to us and our investigator didn't uphold it. The investigator thought Vanquis had carried out appropriate checks on the credit limit increases and didn't think there was any adverse information on Mr E's credit file. The investigator also thought Mr E managed his account appropriately and that Vanquis did calculate Mr E's external debt. She thought Vanquis asked Mr E to complete income and expenditure forms for the last two increases and that it could only consider the information available to it about Mr E's debt.

Mr E doesn't accept that view and says some of the payments he made were due to additional borrowing and says Vanquis didn't carry out appropriate checks as it would have seen his debt was higher than it calculated.

## **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 Mr E will be disappointed by my decision.

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

There is no dispute here that the original lending was affordable. I can see that Mr E was in employment and that his salary increased from the time the account opened until the last credit limit increase from about £16,500 to more than £20,000. I can also see from Vanquis's records that it did carry out detailed affordability checks before the credit limit increases and

that it was entitled to consider the lack of any adverse information on Mr E's credit file as well as what I think was appropriate account management by Mr E throughout the time period.

So, I'm satisfied that Vanquis carried out reasonable and proportionate checks on each of the credit limit increases and that there wasn't anything it could have known that would have suggested the lending was unaffordable. I don't think Vanquis could reasonably have known the source of Mr E's money when for example he repaid a large part of his debt which he says was from an inheritance

I appreciate Mr E says Vanquis didn't calculate his external debt correctly and that it didn't consider some of his debts. But I have made clear that I find Vanquis did carry out checks and that it can't take into account matters that it has no knowledge of. I can't fairly hold Vanquis responsible for any debt not recorded by the Credit Reference Agencies it uses to assess affordability. And I also think that Mr E could have rejected the credit limit increases if he wished as he was aware of the true position of his debts.

Overall, I'm satisfied that Vanquis did carry out appropriate checks before increasing Mr E's credit limit and was fairly entitled to consider the factors it did in deciding those increases were affordable. For those reasons I can't fairly order Vanquis refund any interest as Mr E would like.

### **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 Mr E to accept or reject my decision before 25 November 2021.

David Singh  
**Ombudsman**