

## **The complaint**

Mr S complained that Vanquis Bank Limited acted irresponsibly when they agreed to provide him with a credit card to use for gambling purposes. He also believes they made other errors during his dealings with them.

## **What happened**

Mr S made an online application to Vanquis for a credit card in March 2016. Vanquis reviewed and agreed his application and offered a credit card with an initial limit of £250.

Upon receipt of his card, Mr S immediately used it for various transactions and cash withdrawals which led to his account balance exceeding the limit agreed. Mr S made payments to the account to adjust the excess position.

In July 2016, Mr S exceeded the available limit on his account again. Although he again made a payment to adjust this, the account balance on his monthly statement remained above the limit agreed. Vanquis charged interest on the amount he owed and also charges where his limit was exceeded, and payments were late or missed.

Having received no payments for three months, Vanquis then sent Mr S a Notice of Sums in Arrears (NOSIA) detailing the arrears and the consequences of non-payment. They also issued a default notice to Mr S. Vanquis agreed to refund some fees as a gesture of goodwill, so Mr S made a further payment in November 2016.

No further payments were made after November 2016, so Vanquis issued a further default notice in March 2017. With no further payments received, Vanquis referred Mr S's account to a debt recovery agent. The debt was ultimately sold to a third party in July 2017 when Vanquis also recorded a default on Mr S's credit file.

Mr S contacted Vanquis in early 2020 to complain. He wanted them to remove the default from his credit file. He thought the default notice hadn't been issued correctly. He said he'd told Vanquis that he intended to use the card to fund gambling to help repay his debts. He also said there were existing defaults and a CCJ on his credit file at the time Vanquis lent to him. He thought Vanquis had acted irresponsibly when they agreed to lend.

Vanquis didn't agree they'd acted irresponsibly. They said that no adverse information had been reported at the time of Mr S's application. Vanquis did agree they should've recorded the default sooner. So, they said they would amend his credit file to bring this forward to March 2017, rather than July 2017.

At the time of Vanquis's response, Mr S submitted a Subject Access Request (SAR) to them. When the information wasn't received, Mr S contacted Vanquis again to chase matters. He also didn't agree with his complaint outcome. He wanted the default removing from his credit file and offered to repay the principal debt owed if Vanquis agreed.

Vanquis considered Mr S's complaint further and wrote to him in March 2020. They apologised they hadn't included a copy of the default notice issued in March 2017 with their original response. They wrote to Mr S again in May 2020. They acknowledged that another credit reference agency did have a record of prior defaults which they weren't aware of. But they said this wouldn't have impacted upon their agreement to lend at the time.

Vanquis said they could find no record of Mr S telling them about his intention to use the card for gambling. They accepted there had been gambling transactions, but said they made no error allowing these.

They went on to apologise that the default date had still not been amended on Mr S's credit file and this would be rectified. They also addressed Mr S's claim that he'd never been sent a default notice. Mr S had moved address and Vanquis had no record of being officially informed of this. Finally, they apologised that Mr S's SAR hadn't been raised sooner. Vanquis offered compensation of £200 for the default date change and SAR delays.

Mr S was still unhappy with Vanquis's response to his complaint. So, he referred matters to this service. One of our investigators looked into Mr S's complaints with Vanquis. In doing so, she didn't agree Vanquis had acted irresponsibly or that they should remove the default recorded. She didn't think Vanquis needed to do anything more.

Mr S didn't agree with our investigator's findings. He requested that his complaint be reviewed by 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.

Mr S insists that he was called by Vanquis prior to completing his application. He said he told Vanquis that he had various debts and, if agreed, he intended to use his card to gamble in an attempt to repay those debts. So, if Vanquis were indeed told this, I would've expected them to question further before proceeding with any application.

Mr S hasn't been able to provide specific dates and times for this call. So, our investigator asked Vanquis to provide any recordings they hold relating to Mr S's application in early 2016. The only call found was from 26 March 2016. Vanquis called Mr S to go through various details from his online application. I've listened to this call but didn't hear Mr S inform Vanquis of his gambling intentions at any time. He confirmed his annual income as £24,000 potentially rising to £30,000 with bonuses. He also confirmed he had access to additional household income taking the total figure to £60,000.

The rules and guidelines relating to the assessment of credit applications are set down in the Financial Conduct Authority's (FCA) Consumer Credit Sourcebook (CONC). In particular, CONC 5.2A.

From this, it's important to establish whether Vanquis completed reasonable and proportionate checks to satisfy themselves that Mr S would be able to repay the credit in a sustainable way. Vanquis have provided confirmation and evidence to confirm the information provided and considered for Mr S's application. They also used their own scoring assessment processes together with information provided by a credit reference agency. Having seen that information, I can see no evidence of prior difficulties reported in March 2016.

Vanquis have since confirmed that two defaults pre-dating Mr S's application are reported by another credit reference agency. This is not uncommon as there is no requirement for lenders to report credit data to all of the credit reference agencies. Further, there's no obligation for a lender to check all of the credit reference agencies. Only that their checks are reasonable and proportionate given the circumstances.

There were two defaults reported – one in July 2014 and the other in April 2015. So, the last default, prior to Mr S's application was almost 12 months previous. Vanquis say that as a second chance lender, if adverse data is reported, this wouldn't automatically lead to them declining an application. This is their choice and, as a business decision, is not one this service would choose to question. But they should ensure they comply with the assessment rules and guidance in CONC 5.2A.

Mr S has provided evidence of a CCJ recorded at a credit reference agency. But I notice this postdates his application to Vanquis. Mr S believes he provided details of the wrong CCJ and offered to provide the correct one. But this hasn't been received and I've not seen anything to show there was a CCJ in existence before then.

CONC 5.2A refers to any checks being proportionate based upon various factors. In particular, the type, amount and duration of any credit together with the level and frequency of repayments and any associated costs and charges. Vanquis agreed an initial limit of £250. Given Mr S's stated available income and the information from the credit reference agency, I believe Vanquis's checks were proportionate in Mr S's case. I also believe their decision to lend was a fair one here, given the limit agreed and Mr S's available income.

Vanquis have acknowledged that there were gambling transactions seen on Mr S's account. Having reviewed his statements, I've seen two transactions on 2 and 16 April 2016. There were also several cash withdrawals. That said, I don't believe these, in isolation would be enough to suggest to Vanquis there was a larger problem. In any event, these occurred after the card and limit were agreed.

Mr S complained on many occasions about charges and interest applied to his debt. I've reviewed all the charges and interest detailed on Mr S's statements. I believe they've all been applied in accordance with Vanquis's credit agreement and terms and conditions. In fact, I notice that Vanquis did refund four default charges as a gesture of goodwill.

While I realise that Mr S may disagree, I haven't seen anything to persuade me that Vanquis did, at any time, act irresponsibly in agreeing to lend to Mr S based upon the information available to them. I'm content they conformed with CONC 5.2A given all the circumstances here. Further, Mr S did borrow money using his Vanquis card and he did stop making payments. This means that he did default on his agreement with Vanquis. So, I realise Mr S will be disappointed, but I believe the default was recorded correctly as a fair reflection of what actually happened.

Mr S said he didn't receive Vanquis's default notice. I can see this was sent to the address that Vanquis held for him at the time. I haven't seen anything that shows Mr S told Vanquis, in an acceptable format, he'd changed address. So, I can't reasonably hold Vanquis liable here. I also think that other letters, statements together with Vanquis's terms and conditions were clear on what constitutes a default. So, I don't believe Vanquis's actions should've been unexpected.

Vanquis agreed to bring forward the date of the default from July 2017 to March 2017 – when they issued their default notice. This seems fair in these circumstances. I understand there were some delays in resolving this which Vanquis have apologised for. I also understand there was a delay in fulfilling the SAR when Mr S requested it. Vanquis have apologised for this also. They offered compensation of £200 to Mr S for these mistakes. I think this feels very fair in the circumstances.

I appreciate that Mr S has been pursuing his complaints with Vanquis for some time. I also understand that he may well not agree with my findings. I would like to reassure him that I have considered everything that both he and Vanquis have provided together with the relevant rules, guidance and legislation that applies in these circumstances. But I won't be upholding his complaint.

**My final decision**

My final decision is Vanquis Bank Limited should pay Mr S the compensation they've offered of £200 (unless they have already done so). But for the reasons I've given, I don't require them to do anything else.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 16 December 2021.

Dave Morgan  
**Ombudsman**