

The complaint

Miss B is unhappy that Vanquis Bank Limited, trading as Neo, approved her for a credit account which she feels was unaffordable for her at that time. Miss B is also unhappy with the service that she's received from Vanquis since opening the account, including that Vanquis didn't recognise from how she managed the account that she was in financial difficulty and didn't offer her reasonable assistance as a result.

What happened

Miss B applied for a Vanquis credit account in 2017. Her application was approved, and Vanquis issued Miss B with a credit card with a credit limit of £150.

Miss B struggled to maintain the balance of the credit account within the credit limit and incurred several account charges as a result. Miss B wasn't happy about this, and she also felt that Vanquis were deliberately processing payments that she made to the account later than they should have done so that fees became due. Miss B was also unhappy about other aspects of the service that she received from Vanquis, including confusing and contradictory communications she received from Vanquis about minimum payment amounts required on her account. So, Miss B raised a complaint.

Vanquis looked at Miss B's complaint. They felt that there had been nothing in the checks into Miss B's financial position that they'd undertaken at the time of the account application that should have given them any cause to consider that the credit account that Miss B had applied for wouldn't be affordable for her at that time.

Vanquis also felt that the charges that Miss B had incurred on the account had been applied correctly and inline with the account terms and conditions, and they also felt that they had offered fair and reasonable support to Miss B when she'd made them aware that she was in financial difficulty. Vanquis also didn't agree that they'd withheld posting any payments to Miss B's account.

However, Vanquis did acknowledge that some of the communication that they'd sent to Miss B hadn't been to the standard that they would have liked. Vanquis apologised to Miss B for this, and reimbursed fees to Miss B's account for which they felt Miss B had incurred as a result of the confusing communication. Vanquis also credited Miss B's account with £25 by way of compensation for the inconvenience she'd incurred.

Miss B wasn't satisfied with Vanquis' response, so she referred her complaint to this service. One of our investigators looked at this complaint. But they felt that the response that Vanquis had already issued to Miss B's complaint represented a fair and reasonable resolution to what had happened, so they didn't uphold Miss B's complaint or ask Vanquis to take any further action.

Miss B remained dissatisfied, so the matter was escalated to 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.

I must note that this service can only investigate complaints that have previously been raised by the complainant with the respondent business and which that business has had an opportunity to respond to with the complainant. This means that if Miss B is dissatisfied with any actions of Vanquis that occurred after Miss B initially brought her complaint to Vanquis, and which as such weren't responded to by Vanquis in the response that they issued to Miss B's complaint, these actions would fall outside the remit of what this service can consider in this instance.

Miss B has stated that she feels that Vanquis shouldn't have approved her initial application for credit and that it should have been evident from her financial position at the time of the application that the credit wouldn't be affordable for her.

It's for a business to decide whether it will offer credit to a customer, and if so, how much and on what terms. What this service would expect would be, that before approving a customer for a new line of credit, or before increasing the amount of credit available to a customer on an existing line of credit, the business would undertake reasonable and proportionate borrower focussed checks to ensure that any credit being offered to a customer is affordable for that customer at that time.

I think that Vanquis did that here. At the time of the application they took details from Miss B of her income, which Miss B confirmed as being approximately £14,000 per annum. Vanquis also obtained information from a credit reference agency as to Miss B's wider financial position, and this confirmed that while Miss B did have other existing credit at that time, the total amount of other existing credit wasn't particularly high, at £600. As such, given that the credit limit of £150 on this Vanquis account was relatively low, I don't feel that it was unreasonable for Vanquis to have concluded that Miss B would most likely be able to afford any monthly repayments that might become due on the account, given the information that they had available to them.

It's notable that Miss B's credit file at the point of application also showed a default and a County Court Judgement, but these events, while significant, had all occurred more than two years before Miss B had made the application to Vanquis. As such, I don't feel that Vanquis should have necessarily rejected Miss B's application because of these factors and I'm satisfied it wasn't unreasonable for Vanquis to have given more weight to how Miss B had managed her financial affairs in the time immediately prior to the application and to have approved her application with the caveat of a relatively low credit limit – which was what Vanquis did here.

Miss B is also unhappy at the fees and charges that have been applied to the account by Vanquis and feels that Vanquis may not have calculated the interest that has been applied to the account correctly. However, having reviewed the account statements I can't see anything to suggest that the interest that's been applied to the account hasn't been calculated correctly, and I also haven't seen any instances of fees or charges being applied to the account that weren't inline with the terms and conditions of the account.

Miss B has also expressed her dissatisfaction at what she feels was Vanquis deliberately posting payments that she made towards the account later than they should have been posted following her making the payments, and for which Miss B incurred late payment charges on the account as a result.

I must note that it would be very difficult for this service to corroborate this aspect of Miss B's complaint, as would be required for me to consider upholding it. However, it's not unusual for

the processing of payments by a business to take some time, and Vanquis have confirmed that payments can take up to two working days to be processed and recorded on the account, although it can be the case that some payments are processed faster.

As such, while I can appreciate that Miss B might be frustrated at what she feels are inconsistencies in the times that payment processing was completed by Vanquis, I don't feel that I can fairly or reasonably say that these inconsistencies took place as a result of any deliberate act by Vanquis, or that they were unreasonable or out of line with how business payment processing usually works.

Miss B also feels that Vanquis should have recognised from how she was managing the account that she was in financial difficulty and that they should have offered her assistance as a result.

I can appreciate Miss B's position here, but this service generally wouldn't expect a credit provider to monitor the way in which a customer uses their account in the way that Miss B suggests should have been the case here, and this service would generally only expect a business to react to being proactively told by a customer that they are experiencing financial difficulty.

And, in this instance, when Miss B did tell Vanquis that she was experiencing financial difficulty, it appears that Vanquis did react positively to Miss B providing that information and did offer forms of assistance to Miss B. This included Vanquis offering structured repayment plans to help Miss B recover her financial position, and also freezing collections activities for a period when Miss B explained that her financial circumstances had deteriorated as a result of her losing her job.

Vanquis' actions in response to Miss B informing and updating them as to the state of her financial position are inline with what this service would expect in such circumstances, and so I don't feel that I can reasonably say Vanquis ought to have done more or that any unfair outcome has arisen as a result.

Finally, Miss B is unhappy that some of the communications she received from Vanquis were confusing in respect of the amount of payment that was due on the account. Vanquis upheld this aspect of Miss B's complaint and they reimbursed some fees to Miss B's account as a result and credited Miss B's account with £25 by way of compensation.

This seems reasonable to me, and while I appreciate that Miss B might feel that a higher amount of compensation is warranted, the £25 that Vanquis have already paid to Miss B feels fair to me, and I can confirm that it's commensurate with what this service would expect, given the circumstances. It also should be noted that Miss B had alternative means of checking the status of her account and the amount of payment that was due on it, and also that Vanquis had asked Miss B, in response to an earlier complaint that Miss B raised about this same issue, to contact them if she was uncertain how much monthly payment needed to be made.

All of which means that I'm satisfied that the response that Vanquis have already issued to Miss B regarding this complaint does represent a fair and reasonable resolution to what has taken place. As such, I find it difficult to conclude that Vanquis have acted unfairly or unreasonably here and it follows from this that my final decision will be that I won't be upholding this complaint.

I realise that this won't be the outcome that Miss B was wanting here, but I hope that she'll understand, given all that I've explained, why I've made the final decision that I have.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 24 December 2021.

Paul Cooper
Ombudsman