

## **The complaint**

Mr M complains that Vanquis Bank Limited lent irresponsibly when it approved his credit card application.

## **What happened**

In March 2020 Mr M applied for a credit card with Vanquis. In his application, Mr M told Vanquis he earned £18,000 a year. Vanquis completed a credit search and went on to approve a credit card with a £250 credit limit.

Mr M withdrew £240 in cash and Vanquis applied cash handling fees as well as interest. Mr M hasn't made any payments to the credit card and has explained he fell into financial difficulties.

Representatives acting for Mr M complained that Vanquis had lent irresponsibly when it approved his credit card. Vanquis didn't agree and said it had carried out reasonable checks before approving the application. An investigator at this service looked at Mr M's complaint but didn't agree Vanquis had lent irresponsibly.

Mr M's representatives asked to appeal and pointed to defaults it says were showing on his credit file at the time his application was made. As a result, Mr M's case 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.

Before deciding to lend, Vanquis was required to carry out reasonable and proportionate checks to ensure Mr M could afford to repay his borrowing in a sustainable way. There's no set list of checks a lender has to complete before approving an application. Checks should be proportionate to the type of credit and amount lent. The checks should be consumer focused. Whilst the rules say businesses have to complete proportionate checks, they don't say lenders must verify all the information an applicant provides.

I've considered the type of credit Mr M applied for as well as the amount Vanquis approved. In this case, Mr M told Vanquis he earned £18,000. I understand Mr M's representatives say he earned less at the point of application, but I don't think it was unreasonable for Vanquis to accept that level of income as genuine. Mr M also declared living expenses of £360 a month and I can see Vanquis took that into account as well.

Vanquis also completed a credit search. When Vanquis first checked Mr M's credit file it didn't find any adverse information at all. I appreciate Mr M's representatives have provided a screen shot to show he had two defaults recorded on his credit file at the time. But that information wasn't found by Vanquis when it looked at Mr M's application. I also note that whilst the representatives have provided mobile phone screen shots showing accounts in

default, there's no way to show who the defaults relate to. I note our investigator asked for a full copy of Mr M's credit file but none was provided.

I'm satisfied the information I've seen shows Vanquis wasn't aware of the defaults when it assessed Mr M's application.

Vanquis approved a credit limit of £250. Taking everything I've seen into account, I'm satisfied it did complete proportionate checks as part of the application process. Whilst I understand Mr M wasn't able to maintain payments, I'm satisfied Vanquis' decision to proceed based on the information it had available was reasonable. I haven't been persuaded that Vanquis lent irresponsibly in this case. As I'm satisfied Vanquis dealt with Mr M's complaint fairly, I'm not telling it to do anything else.

### **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 Mr M to accept or reject my decision before 10 December 2021.

Marco Manente  
**Ombudsman**