

The complaint

Mr S complains that Vanquis Bank Limited irresponsibly allowed him to open a credit card account which was unaffordable.

What happened

Mr S says the account was opened in July 2011 and it ought to have been obvious to Vanquis that the lending was unaffordable. He says he had other debts and a poor credit history. Mr S says he had defaults recorded against him and would like all interest and charges refunded on his Vanquis account as well as interest paid on that refund.

Vanquis says the complaint has been brought too late for us to consider and doesn't give us permission to look at the account opening complaint out of time. It says the credit limit was increased in 2016 from £250 to £1,000 and Mr S managed his account appropriately until 2020. Vanquis says it did carry out appropriate checks on the 2016 increase and considered Mr S's income of nearly £40,000 and his debts which it calculated at just over £5,000. It says the it had been some years since adverse information had been recorded on Mr S's credit file.

Mr S brought his complaint to us and our investigator didn't uphold it. The investigator thought the main part of the complaint had been brought too late for us to consider. And that Vanquis had carried out appropriate checks on the 2016 credit limit increase.

Mr S doesn't accept that view and says he shouldn't have been given the credit limit increase in 2016 if he had received default charges previously.

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 can see from Mr S's response to the investigator's view that he doesn't ask me to look at again at the time limit point. But I make clear that I would have also come to the same conclusion as the investigator that we couldn't have looked into the account opening complaint. As Mr S doesn't dispute that part of the investigator's view then there is no need for me to set out in detail my decision on that.

Lenders and credit providers must carry out reasonable and proportionate checks on any lending decision or as in this case a decision to increase a credit limit. Those checks will of course vary depending on the type and amount of any lending. And I wouldn't have expected Vanquis's checks to have been as detailed here as for example for a mortgage or loan application, but appropriate checks must be carried out.

I can see that Mr S declared an income just under £40,000 and that the account problems took place mainly some years before 2016. I appreciate that Mr S exceeded his credit limit of £250 by what I think was a very small amount before the increase, but I am also satisfied

that Vanquis did carry out checks on Mr S's financial position before increasing the credit limit. I can see that it considered his account management, his regular payments and his other debts which I think was relatively low at about £5,000. So, I'm satisfied that Vanquis did carry out reasonable and proportionate checks before increasing the credit limit.

I'm also satisfied that Vanquis had given Mr S a very modest credit limit of £250 and increased it to what I think was still a relatively modest amount of £1,000. I can see that Mr S used the new balance shortly after it was approved but I can't fairly hold Vanquis responsibly for the type of spending which doesn't suggest financial difficulties. I also think Mr S made required payments for some time after the credit limit increase which I think provides additional evidence that the increase was on the face of it affordable.

Overall, I'm satisfied Vanquis did carry out reasonable and proportionate checks on the credit limit increase and so I can't fairly order it to refund interest or charges.

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 S to accept or reject my decision before 26 February 2022.

David Singh
Ombudsman