

The complaint

Ms S complains Vanquis Bank Limited agreed to lend her money on a credit card when this was irresponsible and unaffordable.

What happened

Ms S complained to Vanquis that they should not have increased the credit limit on her credit card in February 2013, July 2013, February 2016 and April 2016.

Vanquis responded to say they hadn't done anything wrong in offering Ms S these increases and she'd accepted them at the time when she could've opted out.

Ms S wasn't happy with Vanquis' response so referred her complaint to our service. An Investigator considered her concerns and he agreed, in summary that all of the increases were unaffordable for Ms S taking into account her circumstances at the time. He recommended Vanquis should:

- Refund all interest and charges applied to the account since the February 2013 limit increase and the balance increased beyond the initial £500 limit, plus 8% simple interest from the date the amounts were applied. This should first be used to reduce any balance still owed on the account.
- Remove any adverse information recorded on Ms S' credit file in relation to this account.
- Pay Ms S £200 for the trouble and upset caused by Vanquis' decision to increase her credit limit without carrying out the appropriate checks.

Both Ms S and Vanquis accepted this outcome. But Ms S later asked for an Ombudsman's decision because she said she hadn't realised exactly what the Investigator's recommendations would mean for the balance of her account.

As Ms S asked for an Ombudsman to make a decision, the complaint's been passed to me to decide.

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.

Both parties agreed with the Investigator's assessment that the credit limit increases on Ms S' credit card from February 2013 onwards were unaffordable. So I will focus my decision on the area that remains in dispute.

Ms S is unhappy with Investigator's recommended redress. She would like all of the interest and charges applied to her account since February 2013, when the first unaffordable increase took place, refunded. But we wouldn't usually recommend all interest and charges

are refunded on lending we considered had been agreed correctly. So I don't think Vanquis need to refund these charges.

Ms S also says that Vanquis should rework the account so that payments she has already made go to reducing the interest-bearing part of balance first i.e the first £500. But, this usually applies to accounts where only part of the balance is interest-bearing on a contractual basis. Not where interest refunds are being applied to an account later. So again I don't think Vanquis need to do what Ms S is suggesting.

Vanquis have already re-worked Ms S' account to reflect the Investigator's recommendations and I find that fair and reasonable in the circumstances of this complaint.

My final decision

For the reasons I've explained, I uphold Ms S' complaint.

Vanquis Bank Limited have already settled the complaint in line with Investigator's recommendations so I don't require them to do anything else.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms S to accept or reject my decision before 4 October 2022.

Eleanor Rippengale
Ombudsman