

The complaint

Mr M complains that Vanquis Bank Limited lent irresponsibly when it approved his credit card and later increased the credit limit.

What happened

Mr M applied for a credit card with Vanquis in 2015. In Mr M's application, he said he was employed with an income of around £8,000 a year. Vanquis approved the application and gave Mr M a credit card with a limit of £1,000. In May 2011 Vanquis increased the credit limit to £1,500. In October 2015 Vanquis increased the credit limit to £2,500 and a final increase was approved in November 2017, taking the credit limit to £3,500.

In 2019 the credit card fell into arrears and was closed. Vanquis went on to report a default on Mr M's credit file.

Last year, Mr M complained that Vanquis had lent irresponsibly. Vanquis didn't agree it had lent irresponsibly and didn't uphold Mr M's complaint. An investigator at this service looked at Mr M's complaint. They said we couldn't consider Mr M's complaint about the original application and credit limit increase in May 2011 because of the time limits noted in our rules. The investigator didn't agree Vanquis had lent irresponsibly in relation to the credit limit increases in October 2015 and November 2017 and didn't uphold Mr M's complaint.

Mr M asked to appeal and his case was passed to me. I recently issued a decision confirming the investigator's view that this service can't consider Mr M's complaints about the original application in 2008 and credit limit increase that took place in May 2011.

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.

As noted above, I recently issued a decision that confirmed the limits of this investigation and the credit limit increases we can consider. In this decision, I'm looking at the credit limit increases that occurred in October 2015 and November 2017.

Before agreeing to lend, the rules say Vanquis had to complete reasonable and proportionate checks to ensure Mr M could afford to repay the debt in a sustainable way. These affordability checks needed to be focused on the borrower's circumstances. The nature of what's considered reasonable and proportionate will vary depending on various factors like:

- The amount of credit;
- The total sum repayable and the size of regular repayments;
- The duration of the agreement;
- The costs of the credit; and
- The consumer's individual circumstances.

That means there's no set list of checks a lender must complete. But lenders are required to consider the above points when deciding what's reasonable and proportionate. Vanquis says it looked at Mr M's account history, information it held about him and credit file when deciding whether to increase his credit limit.

I've looked at the information Vanquis used on both occasions it increased Mr M's credit limit. Mr M has sent us a copy of his credit file. Vanquis has set us evidence from its systems that shows information it found on his credit file along with statements going back to 2013. Looking at Mr M's statements, I can see payments were made on time with no arrears. Vanquis says Mr M's account history was well managed and I think that's fair.

In addition, Vanquis continued to monitor Mr M's credit file to see how much he owed and assess his outgoings. I can see the cost of servicing Mr M's existing debts were taken into account when Vanquis considered whether to proceed. Mr M's credit report shows there was no adverse credit or missed payments prior to either of the credit limit increases and I haven't seen anything that would've told Vanquis Mr M was struggling financially at the time.

Overall, I'm satisfied Vanquis did carry out reasonable and proportionate checks to ensure the credit limit increases in October 2015 and November 2017 were sustainable for Mr M. I haven't been persuaded that Vanquis lent irresponsibly.

I can see Mr M's account fell into arrears and was ultimately closed with a default recorded on his credit file. But, for the reasons I've given above, I'm satisfied Vanquis completed proportionate checks before offering Mr M an increased credit limit in October 2015 and November 2017. As I haven't been persuaded that Vanquis lent irresponsibly, I'm not telling it to do anything else.

My final decision

My decision is that I don't uphold Mr M's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 27 May 2022.

Marco Manente
Ombudsman