

The complaint

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

What happened

Mr Q says he opened a Vanquis account in 2017. He says he had applied in the previous 12 months for various loans and took out a number of other loans after the Vanquis account was opened. Mr Q says the lending was irresponsible and unaffordable. He says Vanquis should have realised that and that he had a County Court Judgement (CCJ) recorded against him. Mr Q would like all interest and charges refunded and any adverse information removed from his credit file.

Vanquis says the account was opened in May 2017 and the CCJ was recorded some two years before that date. It says it checked the application and calculated Mr Q's other debt at under £10,000 and that he managed other accounts appropriately. Vanquis says Mr Q told it he had an income of over £20,000 a year and it set a low credit limit of £500.

Mr Q brought his complaint to us and our investigator didn't uphold the complaint. The investigator thought Vanquis carried out appropriate checks on the application and there were no signs of unaffordability at the time of the application. The investigator thought it had been about five years before the application that Mr Q had missed an account payment. And that Mr Q's financial position deteriorated after the Vanquis account was opened.

Mr Q doesn't accept that view and says he was using credit cards and loans to pay off other debts.

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 appreciate Mr Q will be disappointed by my decision.

Lenders and credit card account providers should carry out reasonable and proportionate checks on any credit or loan application. Those checks will of course vary depending on the type and amount of the lending. This was an application for a credit facility rather than for example a loan or mortgage and so I wouldn't have expected Vanquis's checks to have been as detailed as for that type of lending. But of course, checks still need to be carried out.

I can see that Mr Q applied for the Vanquis account in 2017 and declared an income of over £20,000. I can see that Vanquis checked Mr Q's credit file and calculated his other debt. I can also see that Vanquis checked Mr Q's other account management and looked at his past credit history. I think those checks showed Mr Q was managing other accounts appropriately and that it had been some years since adverse information had been recorded against him.

So, I'm satisfied Vanquis did carry out reasonable and proportionate checks on Mr Q's application and that there were no factors present that ought to have led Vanquis to conclude the lending was unaffordable. I also think Vanquis approved a modest £500 credit limit. It follows that I'm satisfied that on the face of it the lending facility was affordable, and that Vanquis didn't make a mistake by opening the account.

I appreciate Mr Q says he applied for a number of loans after the Vanquis account was opened. But I can only consider what Vanquis knew at the time or ought to know. I think it likely Mr Q's financial position deteriorated after that time, which is not something, I can fairly hold Vanquis responsible for knowing or anticipating. I also appreciate Mr Q says he was using loans and credit facilities to repay other debt. I can't see evidence from this account about such matters and think most of the spending on the Vanquis account took place abroad in 2017.

Overall, I'm satisfied that Vanquis did carry out reasonable and proportionate checks on Mr Q's credit card account application and that the lending was not unaffordable or irresponsible. It follows that I can't fairly order Vanquis refund any charges or interest and remove any adverse data from Mr Q's credit file.

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 Q to accept or reject my decision before 29 August 2022.

David Singh
Ombudsman