

## **The complaint**

Miss M complains that Vanquis Bank Limited (“Vanquis”), irresponsibly granted her a credit card she couldn’t afford to repay.

## **What happened**

In February 2021 Miss M entered into an agreement with Vanquis to have access to credit by way of a credit card account.

Miss M says that Vanquis didn’t complete adequate affordability checks when it opened her credit card account. She says if it had, it would have seen the agreement wasn’t affordable for her as she didn’t have enough income to make repayments.

Vanquis didn’t agree. It said that it carried out a reasonable and proportionate assessment to check Miss M’s financial circumstances before granting her the credit account.

Our adjudicator didn’t recommend the complaint be upheld. He thought Vanquis didn’t act unfairly or unreasonably by approving the finance agreement.

Miss M didn’t agree and so her complaint has been passed to me for a final 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.

Vanquis will be familiar with all the rules, regulations and good industry practice we consider when looking at a complaint concerning unaffordable and irresponsible lending. So, I don’t consider it necessary to set all of this out in this decision. Information about our approach to these complaints is set out on our website.

Before granting the account, Vanquis looked into Miss M’s financial situation. Miss M’s card application details showed her as having an annual income of around £13,000 plus monthly housing costs of £100. Vanquis then went on to estimate her overall monthly living costs and other expenditure and therefore her estimated disposable income. It also completed a credit check that showed she had around £1,500 in unsecured borrowing and ongoing credit commitments that went with those. There were also no defaults against any of her borrowing and nor were there court judgments registered against her.

Miss M says that Vanquis should have prevented her from continuing to use her card due to other loans she had and arrears on her credit file. I think the checks carried out by Vanquis ought to have indicated it was likely that Miss M was overly reliant on borrowing and that further borrowing may not have been sustainable. I say this having noted that Miss M tended to use her card for cash transactions rather than purchases. Had it gone on to increase her credit limit I think it therefore would have been proportionate for Vanquis to have got a more thorough understanding of her financial circumstances before doing so, but it chose not to increase Miss M’s credit limit. And going forward from the opening of the account, I haven’t

seen enough clear signs of difficulty for me to have expected Vanquis to have become concerned about Miss M's financial circumstances or to have acted any differently.

Taking into account everything I've seen I consider that the checks carried out by Vanquis showed it was likely that the credit card account was affordable for her. I say this given that Vanquis was aware of Miss M's income, had taken reasonable and proportionate steps to estimate her committed expenditure and daily outgoings, based on which it had set an opening credit limit. Vanquis calculated that Miss M would have sufficient disposable income to manage her Vanquis card alongside her existing financial commitments.

In conclusion, having looked carefully at all the available evidence and information, I don't think Miss M has been able to demonstrate that her credit card agreement with Vanquis was unaffordable. So I can't reasonably conclude that Vanquis ought to have known she would struggle to make the repayments. I'm therefore not persuaded that Vanquis acted unfairly in approving her for the card.

### **My final decision**

For the reasons given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 7 July 2022.

Michael Goldberg

**Ombudsman**