

The complaint

Mrs B complains Vanquis Bank Limited (Vanquis) increased the borrowing limits on her credit card account without undertaking appropriate affordability checks.

What happened

Mrs B took out a credit card account with Vanquis in July 2016 and initially a £500 credit card limit was agreed. Mrs B says Vanquis subsequently approved further credit limit increases to a total of £3,000 without carrying out any affordability checks at the time or checking her mental state of mind, simply asking her to tick a box to confirm the increases. Mrs B says Vanquis's actions have caused her financial difficulties and medical issues which she feels Vanquis should compensate her for. Mrs B says Vanquis agreed to a modest monthly payment plan on her credit card account, but she doesn't feel this goes far enough to address her issues.

Vanquis responded to Mrs B and felt it had carried out sufficient credit checks at the time the credit card account was opened, and subsequently when further credit limit increases were approved.

Mrs B wasn't happy with Vanquis's response and referred the matter to this service.

After the Investigator referred the matter back to Vanquis, it subsequently accepted that given issues had been highlighted on Mrs B's credit file at the time of the second credit card limit increase in 2017, it shouldn't have agreed to any further credit increases. Vanquis agreed to refund any interest and charges since the credit card limit was increased beyond £500 in October 2017, remove any adverse credit history on Mrs B's credit file applied since that time, buy back the account from the debt collection agency to apply the refunds. Additionally, Vanquis agreed any remaining balance outstanding could be repaid by a long-term arrangement if Mrs B required it.

The investigator put the offer to Mrs B, but she didn't accept it.

The investigator looked at all of the available information and upheld the complaint. Like Vanquis, the investigator agreed it shouldn't have provided any further credit limit increases beyond the initial £500 it had originally approved, given the outstanding debt and default on Mrs B's credit file recorded in June 2017. To put matters right the investigator requested Vanquis to :

1. Refund all the interest and charges Mrs B has paid on balances over £500.
2. If the borrowing is still in place, Vanquis should reduce the outstanding capital balance by the amount calculated at Step 1.
3. If, after Step 2, there remains an outstanding capital balance, Vanquis should ensure that it isn't subject to any historic or future interest and/or charges.
4. Vanquis should remove any adverse information recorded on Mrs B's credit file from the

first credit limit increase onwards.

Mrs B didn't agree with the investigator's view and asked for the matter to be referred to an ombudsman 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.

Having done so, I will also be upholding this complaint and I will explain how I have come to my decision.

I can see that Mrs B has gone through some financial problems and I was sorry to learn of the medical issues that created for her.

The first thing to say here is during the course of the investigation Vanquis have accepted that it shouldn't have approved any further credit limit increases post the initial £500, it initially agreed in 2016. Like the investigator I am satisfied the initial modest credit limit approved in 2016 of £500 by Vanquis was reasonable, given the checks it had undertaken at that time and the information provided by Mrs B. But here, Vanquis have accepted Mrs B's credit file at the time of the second credit limit increase approved in 2017, showed a default outstanding and a much higher level of unsecured debt. So, it has accepted that no further credit limits should have been approved on Mrs B's credit card account and agreed to address this by a number of measures previously mentioned.

Mrs B doesn't think this goes far enough, but here I can't see any evidence to show Mrs B ever informed Vanquis she was suffering with medical issues as a result of the indebtedness she had accrued, and so I can't see how Vanquis could have been aware of this. It's also fair to say Mrs B would have benefited from the use of the funds she borrowed, using the credit card facilities, so it wouldn't be fair of me to ask Vanquis to write off any outstanding balance.

That's not to say Vanquis doesn't need to put matters right – it should, but I am satisfied the offer it has made Mrs B is reasonable here.

While Mrs B will be disappointed with my decision, I won't be asking anymore of Vanquis other than what it has already agreed and to include its offer to take back the credit card account from the debt collection agency, and agree an appropriate long term payment plan with Mrs B.

Putting things right

I instruct Vanquis Bank Limited to:

1. Refund all the interest and charges Mrs B has paid on balances over £500.
2. If the borrowing is still in place, Vanquis should reduce the outstanding capital balance by the amount calculated at Step 1.
3. If, after Step 2, there remains an outstanding capital balance, Vanquis should ensure that it isn't subject to any historic or future interest and/or charges and agree an appropriate, long term payment plan with Mrs B.
4. Vanquis should remove any adverse information recorded on Mrs B's credit file from the

first credit limit increase onwards.

My final decision

My final decision is that I uphold this complaint.

I instruct Vanquis Bank Limited to:

1. Refund all the interest and charges Mrs B has paid on balances over £500.
2. If the borrowing is still in place, Vanquis should reduce the outstanding capital balance by the amount calculated at Step 1.
3. If, after Step 2, there remains an outstanding capital balance, Vanquis should ensure that it isn't subject to any historic or future interest and/or charges and agree an appropriate, long term payment plan with Mrs B.
4. Vanquis should remove any adverse information recorded on Mrs B's credit file from the first credit limit increase onwards.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 7 September 2022.

Barry White
Ombudsman