

## **The complaint**

Ms B feels that Vanquis Bank Limited approved for credit which wasn't affordable for her.

## **What happened**

In May 2016, Ms B applied for a credit account with Vanquis. Her application was successful, and Ms B was issued a credit card account with an initial credit limit of £250. In November 2016, Vanquis increased the credit limit on the account to from £250 to £500.

In 2021, Ms B raised a complaint with Vanquis because she felt she hadn't been able to afford the new or further credit that Vanquis had provided to her, and that this should have been apparent to Vanquis, had they undertaken checks into her financial position before approving her for that credit.

Vanquis looked at Ms B's complaint. They confirmed they had undertaken checks into Mr B's financial position before approving her for credit, and that there hadn't been anything resulting from those checks which they felt should have given them cause to suspect that Ms B might not be able to afford the credit being offered to her.

Ms B wasn't satisfied with Vanquis' response, so she referred her complaint to this service. One of our investigators looked at this complaint. But they didn't feel that Vanquis had provided credit to Ms B irresponsibly, and so they didn't uphold the complaint.

Ms B remained dissatisfied, so the matter was escalated 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.

It's for a business to decide whether it will offer credit to a customer, and if so, how much and on what terms. What this service would expect would be, that before approving a customer for a new line of credit, or before increasing the amount of credit available to a customer on an existing line of credit, the business would undertake reasonable and proportionate checks to ensure that any credit being offered to a customer is affordable for that customer at that time.

In this instance, when Ms B applied for the credit account, she told Vanquis that she was employed with an annual income of £23,500. Additionally, when Vanquis reviewed Ms B's credit file, they saw that Ms B's total existing credit was approximately £4,000, and that Ms B didn't appear to be struggling to manage her existing credit commitments at that time.

Based on this information, Vanquis approved Ms B's application for credit and issued her with a credit account with a £250 credit limit. Vanquis' decision here doesn't seem unreasonable to me, and I'm satisfied both that Vanquis did undertake reasonable and proportionate checks into Ms B's financial position before offering credit to her, and that it

was reasonable for Vanquis to conclude that Ms B would in all likelihood be able to afford the relatively low amount of credit for which she was applying.

In November 2016, Vanquis increased the credit limit on Ms B's account to £500. Before doing so, Vanquis obtained updated information about Ms B from a credit reference agency. This continued to suggest that Ms B was maintaining her existing credit commitments without significant incident. And while it did show that Ms B's total amount of credit had increased from £4,000 to nearly £7,000, Vanquis didn't consider this increased amount of debt to be prohibitive when considered against Ms B's previously declared annual income and the relatively modest £250 increase in the credit limit which was then offered to Ms B.

It's also notable from the Vanquis credit account statements that in the months leading up to the credit limit increase, Ms B had maintained the balance of the account comfortably within the credit limit and hadn't incurred any overlimit or cash withdrawal fees. This account management isn't suggestive of a customer in financial difficulty, and as such I'm satisfied that it was reasonable for Vanquis to have concluded that Ms B would in all likelihood be able to afford the further credit which Vanquis then offered to her.

In arriving at this position, I'm not declaring that Ms B wasn't struggling financially during 2016 when these provisions of credit took place, and I acknowledge that Ms B may have been in financial difficulty at that time. But from the information about Ms B's financial position that Vanquis gathered and assessed, I do feel that it was fair and reasonable for Vanquis to have concluded at that time that Ms B would most likely be able to afford the new credit account with a £250 credit limit and the later credit limit increase to £500.

All of which means I find it difficult to conclude that Vanquis have acted unfairly or irresponsibly here as Ms B contends, and it follows from this that I won't be upholding this complaint or instructing Vanquis to take any further action. I realise this might not be the outcome Ms B was wanting, but I hope that she'll understand, given all that I've explained, why I've made the final decision that I have.

### **My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms B to accept or reject my decision before 12 September 2022.

Paul Cooper  
**Ombudsman**