

## **The complaint**

Miss B is complaining about a credit card provided to her by Vanquis Bank Limited, ("Vanquis"), which she said was irresponsibly provided to her.

## **What happened**

Miss B was provided with a credit card by Vanquis in October 2017. She said Vanquis should never have allowed her to open an account. Initially, she was pre-approved for the credit card online. Miss B said that she didn't provide any extensive income or expenditure information and to her surprise a month or so later, she received the credit card with a £1,000 credit limit. She was in a very vulnerable state when she applied, having been recently bereaved leaving her to be the breadwinner of the family. Miss B had to look after her mother and her young child. She said that Vanquis should have checked her credit report. Her credit score was poor because she was having a lot of problems with her existing debt. From June 2016 up until she applied, she had several accounts in default and several accounts with three to five payments in arrears. It was evident from her credit report that she had other debt problems before she applied for the credit card. The account should have been refused. The credit card was unaffordable, and Miss B couldn't even afford to make her first payment. The debt and charges have since escalated. She has made no payments at all directly to Vanquis. Miss B has had severe panic attacks and experiencing anxiety from every letter posted through the door, every knock at the door, as she was in fear that she had a debt that she couldn't repay.

Miss B would like Vanquis to refund her all the interest she paid and any late payment charges on the account. She would also like any late payment and default markers to be removed from credit records after this point. Ideally, she would like the account closed and the debt to be wiped off, as the lending was completely irresponsible, and the credit card should never have been sent.

In its final response letter, Vanquis upheld the complaint and said it would arrange to refund the interest incurred and subsequent charges. It would also pay 8% simple interest for any period that C has been deprived of money (if relevant). It would apply the refund to any balance outstanding on the account. Vanquis also said it would remove adverse entries from Miss B's credit file when the balance had been cleared.

The adjudicator said that Vanquis's settlement offer appeared to be in line with this Service's guidelines on redress. He believed the lender had acted fairly.

Miss B asked for an ombudsman to review her complaint.

As this complaint hasn't been resolved informally, it has been passed to me, as an ombudsman, to review and resolve.

## **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.

I have also taken into account the law, any relevant regulatory rules and good industry practice at the time.

I'm sorry to hear that things haven't been easy for Miss B. I appreciate her strength of feeling on this matter and can understand why she feels that Vanquis shouldn't have agreed to lend to her. But I agree with the adjudicator that Vanquis has made a fair offer and I don't think it would be appropriate to ask Vanquis to write off the principal balance outstanding here. I appreciate that this will be disappointing for Miss B and I hope my explanation makes it clear why I've come to this conclusion.

I can see that Vanquis recognised that it shouldn't have provided the credit card to Miss B as in its final response letter, it said that it had arranged to remove all interest and charges on the account and to remove the debt from Miss B's credit file once it had been paid. Vanquis also said that the account had been passed to a debt collection agency ("T") in December 2019. It said it would retrieve Miss B's account from T and the next steps would depend on the balance outstanding. I think Vanquis's offer in its final response letter was fair and in line with this Service's usual approach to putting things right where we find a credit card has been irresponsibly provided. It seems entirely reasonable to me that Miss B shouldn't have to pay any interest or charges applied to her credit card. But I also think that Miss B should repay the amount of her transactions balance. She has had the use of Vanquis's money to make those transactions. I also haven't seen enough to make me think it would be reasonable to ask Vanquis to write that amount off. I also agree that Vanquis should remove any adverse information recorded on Miss B's credit file in relation to the credit card once the balance outstanding has been repaid.

As Miss B is experiencing financial difficulties, I would remind Vanquis of its duty to treat Miss B sympathetically and positively about the amounts she should repay.

### **My final decision**

My decision is that I don't uphold this complaint. I don't think that Vanquis should do more than it has already agreed to do in its final response letter.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 1 November 2022.

Roslyn Rawson

**Ombudsman**