

## **The complaint**

Miss O complains that Vanquis Bank Limited (“Vanquis”) lent to her irresponsibly.

## **What happened**

Miss O applied for a credit card with Vanquis in May 2020. She was accepted and given a credit limit of £1,000 which was never increased.

Miss O says that Vanquis shouldn't have provided her with the credit. She says it didn't take account of her financial situation at the time and that it should have refused her credit. She says Vanquis didn't check properly that it was affordable for her and that she has struggled with debt as a result.

Our adjudicator didn't uphold Miss O's complaint. He didn't think Vanquis had done anything wrong in its lending decisions.

Miss O disagreed. She added that she was using her overdraft heavily and had lots of other debts elsewhere.

As Miss O did not agree the complaint has been passed to me to make a 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.

We've set out our general approach to complaints about unaffordable and irresponsible lending - including the key relevant rules, guidance and good industry practice - on our website and I've taken that into account when considered Miss O's complaint.

Having done so, I've come to the same conclusion as our adjudicator. I don't think Vanquis acted unfairly and lent to Miss O irresponsibly. I'll explain why I've reached this conclusion. Vanquis needed to take reasonable steps to ensure it didn't lend irresponsibly. In practice this means that it should have carried out proportionate checks to make sure Miss O could afford to repay what she was being lent in a sustainable manner. These checks could take into account a number of different things, such as how much was being lent, the repayment amount, Miss O's borrowing history and her income and expenditure.

Vanquis has provided a list of the checks it completed when opening Miss O's account. It says these show that it was reasonable to lend to Miss O in the way that it did.

I can see from this list that Vanquis saw that Miss O had no County Court Judgements (CCJs) or recent defaults. It showed that she had about £8,200 in other unsecured lending at the time. Miss O told Vanquis that she earned around £16,000, which was around £1,200 net a month.

Vanquis also calculated Miss O's living costs and credit commitments on the information it had from credit checks and estimates of cost of living from other sources. Based on this it said a credit limit of £1,000 appeared affordable and Miss O didn't appear to be overindebted.

I think that as Miss O already had £8,200 in other outstanding lending that Vanquis ought to have found out more about her exact living costs. It's not possible to say exactly what Vanquis might have seen at the time, but our investigator spoke with Miss O about her costs. In this conversation Miss O gave lower figures than those estimated by Vanquis. So, on the basis of that information, our investigator thought that if Vanquis had done checks on Miss O's bank statements, or spoken with her, it wouldn't have seen or heard anything concerning which might have stopped it providing the credit to her. On balance, I agree with our investigator that Vanquis didn't act unfairly by opening the account in these circumstances.

Following receipt of the investigator's view, Miss O reiterated that she was in financial trouble at the time she took out the card. She said:

*"I had bills, an overdraft, credit cards, a dmp [debt management plan]... catalogues, borrowed heavily from my partner..."*

I asked Miss O to provide a copy of her credit file from before she took out the card with Vanquis, which she did. Having reviewed this I can see that she had been in some difficulty in the years before May 2020, but that at the time of her application there was nothing of particular concern. There is evidence of a default on a credit card in 2018 but this was over two years before she applied for the Vanquis card and had been settled by the time of her application. Miss O had a loan from a company which could be considered higher cost lending, but she had opened this in June 2016 and had met the repayments on time throughout the agreement. Other credit accounts were in good order and managed well. There was nothing to suggest that Vanquis missed anything in its checks, or that had Vanquis done more appropriate checks it would have seen anything which ought reasonably have prevented it from lending to Miss O.

So, on balance, I think Vanquis acted fairly by lending to Miss O in these circumstances and I don't think Miss O lost out as a result of anything Vanquis did wrong.

### **My final decision**

For the reasons I have set out above I do not uphold Miss O's complaint. It follows that Vanquis Bank Limited does not have to do anything further.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss O to accept or reject my decision before 14 February 2023.

Sally Allbeury  
**Ombudsman**