

## **The complaint**

Miss S complains that Vanquis Bank Limited irresponsibly gave her a credit card she couldn't afford to repay.

## **What happened**

In July 2019, Miss S applied for a credit card with Vanquis. She was given a credit limit of £500. Miss S says she struggled to repay the credit card and found it to be unaffordable.

Miss S complained to Vanquis in March 2022 to say that the credit card shouldn't have been given to her due to her financial circumstances at the time of the application. She said that had Vanquis completed appropriate affordability checks it would have seen the credit was unsuitable for her.

Vanquis didn't think it had acted unfairly. It said that it had completed reasonable affordability checks before giving her the credit card. It said that Miss S had declared an annual income of around £19,500 and the credit check it completed showed she only had £400 of existing credit. It said after estimating reasonable living expenses, it concluded that Miss S had enough disposable income to afford a limit of £500.

Our adjudicator didn't recommend the complaint be upheld. He thought Vanquis had completed reasonable checks before lending and those checks didn't show any affordability concerns. On this basis he didn't think Vanquis acted unfairly in giving her the credit card.

Miss S didn't agree. She said the credit wasn't affordable and she had to take out further borrowing to repay it. She said that Vanquis had written to her 18 months after taking out the card to tell her she'd not been paying off enough of the credit.

The 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.

Before providing credit to Miss S, Vanquis were required to complete affordability checks. There isn't a set list of checks that needed to be completed, instead, Vanquis had to ensure that any checks it did complete were proportionate in these specific circumstances. In deciding what was proportionate, Vanquis had to take into consideration things such as (but not limited to): the type and amount of credit, the cost and Miss S' circumstances.

Vanquis asked Miss S questions about her circumstances. She declared she was a council tenant with benefit income of around £19,500 per year. She also said she had two dependents. Vanquis also completed a credit check which it says showed Miss S had around £400 in existing credit commitments. It also showed that Miss S did previously have a CCJ against her and a default. However, the CCJ was around six years prior to the application and the default was around five years prior to the application.

Although Miss S had clearly had repayment difficulty in the past, a significant amount of time had passed since that adverse information had been recorded. As there wasn't any recent instances of payment difficulty with credit and she had very little in outstanding credit commitments elsewhere, I don't think what Vanquis saw on its credit check ought to have caused it to be particularly concerned about Miss S' ability to repay a relatively low credit limit of £500. This is because her income of £19,500 appeared to be sufficient to sustainably afford reasonable living costs, her existing credit repayments and the new proposed credit limit of £500. I'm therefore satisfied that Vanquis completed proportionate checks and I'm satisfied that based on what it saw, it didn't act unfairly in lending to Miss S.

I accept it's possible that Miss S couldn't actually afford the credit and her circumstances may have been different to what these checks showed. But my role is to decide whether Vanquis acted unfairly in lending to her, based on what it knew or ought reasonably to have known. Given what I've said above, I don't think Vanquis knew or could reasonably have known that Miss S wouldn't be able to afford the repayments. For this reason, I don't uphold this complaint.

I note Miss S has now told Vanquis she is struggling and Vanquis itself appears to have noted concerns that Miss S might be in persistent debt. I therefore remind Vanquis of its obligation to treat Miss S fairly in relation to her financial difficulty.

### **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 S to accept or reject my decision before 20 October 2022.

Tero Hiltunen  
**Ombudsman**