

The complaint

Miss W complains that Vanquis Bank Limited ('Vanquis') irresponsibly gave her a credit card account that she couldn't afford.

What happened

In July 2018, Miss W's credit card was opened by Vanquis with an initial credit limit of £500. The credit limit was increased on three occasions; to £1,000 in October 2018, to £1,950 in February 2021 and to £2,700 in July 2021.

In 2022, Miss W complained to Vanquis to say that the account shouldn't have been opened because it wasn't affordable and that Vanquis ought to have made a better effort to understand her financial circumstances before opening the credit card and increasing her credit limit.

Our adjudicator didn't recommend the complaint be upheld. Miss W didn't agree. So, the complaint has been passed to me to decide.

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've read and considered the whole file, but I'll confine my comments to what I think is relevant. If I don't comment on any specific point it's not because I've failed to consider it but because I don't think I need to comment on it in order to reach what I think is the right outcome in the wider context. My remit is to take an overview and decide what's fair "in the round".

Vanquis will be familiar with all the rules, regulations and good industry practice we consider when looking at a complaint concerning unaffordable and irresponsible lending. So, I don't consider it necessary to set all of this out in this decision. Information about our approach to these complaints is set out on our website.

Miss W's complaint is that Vanquis made credit available that was unaffordable. Vanquis has explained that it relied in part on information that Miss W provided at the time of application to assess affordability. They said they carried out a credit search in Miss W's name to assess Miss W's level of debt at that time and to understand how she had been managing that debt. With that information and using their own scoring metric, Vanquis decided to agree to the credit limits at the various times. So, there was some assessment of affordability at the times of the lending decisions.

Our investigator has set out in some detail the financial situation that Vanquis saw at each stage of the lending. So, I won't repeat that in detail in this decision.

But in summary, Miss W has provided us her full credit report and this shows that at each credit lending decision Miss W had modest other borrowings - and these decreased to

almost nothing over the lifetime of the account. Miss W's bank statements showed a steady income that matched the outgoings and a current account balance that was run in credit.

And I have noted that Miss W's credit file was clean at the time of each lending decision. There were some adverse markings on the credit report but they were not in the recent past at the time of each lending decision. There was a default on the credit checks in June 2019 but that was after the first two lending decisions and would not have affected those decisions. And the default was over 18 months and two years before the third and fourth lending decisions respectively. And whilst Vanquis took note of it, it wasn't, in itself, sufficient in size or nearness in time to have put them off providing further lending to Miss W.

So, it seemed to Vanquis at the time, that the credit report file showed that Miss W was affording her existing credit at the point that the lending decisions were made. And so, Vanquis were not put on notice of any reason not to agree the lending from that. And so, I don't think that the information that Vanquis had at the time of the lending decision, would have led them to feel they ought to make more searching enquiries of Miss W's financial position.

And Vanquis also could rely on the information it had about how Miss W was managing her account in deciding whether to increase her credit limit. And the account was run well with no missed or late payments until after the lending decisions had been made.

I have to look at the information that was available to Vanquis at the time it made its lending decisions and not to use hindsight. And I have seen insufficient evidence that the information that Vanquis acquired or had presented to it at the time of the lending decision, would have led them to think that the credit they were offering was unreasonable.

So, having considered all the submissions made in this case, I have seen insufficient evidence to think that the credit Vanquis provided to Miss W was unreasonable.

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 W to accept or reject my decision before 9 December 2022.

Douglas Sayers
Ombudsman