

The complaint

Mr A complains that Vanquis Bank Limited ('Vanquis') irresponsibly gave him a credit card account that he couldn't afford.

What happened

On 20 February 2019, Mr A applied for and was given a credit card account with Vanquis. Mr A was given an initial credit limit of £500. This credit limit was never increased.

In 2022, Mr A complained to Vanquis to say that the account shouldn't have been opened for him because it wasn't affordable and that Vanquis ought to have made a better effort to understand his financial circumstances before increasing his credit.

Our adjudicator didn't recommend the complaint be upheld. Mr A 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.

Mr A's complaint is that Vanquis made credit available that was unaffordable. Vanquis has explained that it carried out a credit check using a credit agency to determine the amount of credit it was able to offer. Mr A told Vanquis that he earned a good salary. And he told Vanquis he was living at home with his parents and had only a small outgoing for housing costs. Vanquis calculated an average monthly expenditure and considered Mr A had sufficient disposable income to justify the modest credit it agreed to.

The initial credit limit was modest and the monthly cost of a minimum payment was also very modest. So, based on the information Vanquis had at the time of the lending decision, I don't think it needed to conduct more searching checks for them to be proportionate. For these reasons, I don't think Vanquis acted unfairly when approving the finance application.

Vanquis had some regard for negative items on Mr A's credit report, which may explain the modest credit limit. But Mr A has told us his finances were in a poorer shape than Vanquis' credit check showed. And the evidence Mr A has supplied suggests that to be true. But, having considered all the submissions made in this case, I have seen insufficient evidence that better information would have put Vanquis off providing such a very modest credit on a credit card.

So, I think the checks Vanquis did in this case were proportionate. And, having considered all the submissions made in this case, and in the absence of any extra evidence from Mr A to the contrary, I'm not persuaded that what Vanquis could see of Mr A's management of other credit ought to have prompted it to have acted differently than it did.

I know that Mr A will be disappointed with my decision. But I want Mr A to know that I have considered all the submissions made in this case. Having done so, I have not found sufficient evidence to uphold this complaint.

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 Mr A to accept or reject my decision before 29 November 2022.

Douglas Sayers
Ombudsman