

## **The complaint**

Ms H complains that Vanquis Bank Limited lent irresponsibly when it approved her credit card and later increased the credit limit.

## **What happened**

Ms H applied for a credit card with Vanquis in September 2015. Vanquis approved the application and gave Ms H a credit card with a limit of £250. In February 2016 the credit limit was increased to £500 and in July 2016 the credit limit was increased to £1500.

Ms H complained that Vanquis had lent irresponsibly. Vanquis didn't agree. Ms H remained unhappy and complained to this service.

Our investigator said that Ms H's complaint about the original agreement and the first credit limit increase had been referred to this service out of time and we weren't able to consider it. Ms H disagreed but an ombudsman subsequently decided that the complaint had been referred out of time.

The investigator looked into Ms H's complaint about the second credit limit increase and said he didn't think Vanquis had acted irresponsibly.

Ms H didn't agree so I've been asked to make 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.

We've set out our approach to complaints about irresponsible and unaffordable lending including the relevant rules, guidance and good industry practice on our website. I've had this approach in mind when considering Ms H's complaint.

Having done so, I've come to the same conclusion as the investigator. I don't think Vanquis lent irresponsibly. I'll explain why I've reached this decision.

Vanquis needed to take reasonable steps to ensure that it didn't lend irresponsibly. In practice, this means that it should've carried out reasonable and proportionate checks to make sure Ms H could afford to repay what she was being lent in a sustainable manner. These checks could take into account a number of things, such as how much was being lent, the repayment amount, Ms H's borrowing history and her income and expenditure.

Vanquis has provided details of the checks it carried out before it approved the credit limit increase in July 2016. It says these checks show that it was reasonable to lend to MS H.

I can see from the checks that Vanquis used the information it already held about Ms H's income, which was stated as £18,700 per year, or around £1,325 net per month. Vanquis carried out credit checks. These showed that Ms H had around £2,956 unsecured lending and no county court judgments or recent defaults.

Vanquis also looked at how Ms H had managed the credit card. The account history showed that Ms H had exceeded the credit limit once but that this had been quickly remedied and that the account was otherwise well managed, with Ms H regularly paying more than her minimum monthly payment.

Based on the information it gathered, Vanquis thought it was reasonable to lend to Ms H.

I've thought about whether the checks carried out by Vanquis were reasonable and proportionate. Because the credit limit was being increased by a significant amount in proportion to Ms H's income, I think Vanquis should've carried out further checks to verify Ms H's income and expenditure.

I've looked at Ms H's bank statements for the three months prior to the credit limit increase to see what reasonable and proportionate checks would've shown.

The bank statements show that Ms H's monthly income was around £1925 including benefits. Her monthly expenditure was around £1156. Based on what I've seen from the statements, Ms H appeared to have sufficient disposable monthly income to sustainably afford the repayments on the increased credit limit. Had Vanquis looked at the bank statements, I think it would've concluded that the credit limit increase was affordable.

Therefore, I don't think Vanquis acted unfairly by increasing the credit limit and I don't think the lending was irresponsible.

### **My final decision**

My final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms H to accept or reject my decision before 27 February 2023.

Emma Davy  
**Ombudsman**