

The complaint

Mrs W complains that Vanquis Bank Limited irresponsibly lent to her.

What happened

Mrs W applied for a credit card from Vanquis in September 2014. It gave her a £250 credit limit and increased this to £500 in March 2015 and to £1,500 in March 2017. Vanquis upheld her complaint about the second limit increase. Mrs W said the card and first limit increase contributed to her financial difficulties and should also never have been given, so she brought her complaint to this service.

Our investigator did not uphold Mrs W's complaint. He said Vanquis had completed proportionate checks that did not show she would be unable to sustainably repay the credit.

Mrs W agreed with this assessment of the initial card opening, but said as she was reliant on other credit the limit increase in March 2015 should not have been given. She asked for an ombudsman's review so the complaint was passed to me.

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.

Vanquis will be familiar with all the rules, regulations and good industry practice we consider when looking at a complaint about 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.

To decide if Vanquis lent responsibly I need to consider if its checks were proportionate; if not what would better checks most likely have shown; did it make a fair lending decision; and finally did it treat Mrs W unfairly in some other way. As both parties now agree Vanquis was not irresponsible to approve Mrs W's card application and give an initial limit of £250, I will focus here on the credit limit increase in March 2015.

Vanquis has shared the results of the checks it carried out prior to increasing Mrs W's limit. It completed a credit check with an external agency and reviewed how Mrs W had managed her account to date. From these checks it concluded she could afford the increase.

I think given the modest nature of the increase these checks were proportionate. I note Vanquis had obtained information about Mrs W's income and employment status when she applied. And I think given the results of these checks Vanquis made a fair lending decision.

They showed Mrs W had a very low level of debt (£413), was not using payday loans and had not missed a repayment for 63 months. So there were no signs of financial strain, or that Mrs W would not be able to afford the £25 a month needed to repay the full balance sustainably.

Mrs W argues she was using payday loans and other high-cost credit. But this did not show on Vanquis' credit checks and I can only reasonably expect it to rely on the data its checks returned. A lender will not always see the same information that an applicant would see if they obtained a copy of their credit file. This can happen as not all lenders report to all the credit reference agencies and there can be timing lags.

Mrs W also says Vanquis was aware she was gambling using her existing limit. But I don't think this was at such a level that Vanquis ought to have been concerned at this stage about her financial stability. And the legislation that prevented using credit cards to gamble only came into effect on 14 April 2020.

To be clear, I don't doubt Mrs W's testimony that she was starting to struggle financially at this time but given the nature of the limit increase I do not find it would have been proportionate for Vanquis to have carried out the level of checks needed to learn this.

It follows I do not find Vanquis was wrong to increase Mrs W's limit in March 2015.

I have not found any evidence Vanquis acted unfairly towards Mrs W in some other way.

My final decision

I am not upholding Mrs W's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs W to accept or reject my decision before 14 November 2023.

Rebecca Connelley
Ombudsman