

## **The complaint**

Mr W complains that Vanquis Bank Limited lent irresponsibly when it approved a credit card application he made and later increased the credit limit on several occasions.

## **What happened**

Mr W applied for a credit card with Vanquis in December 2016. In his application, Mr W said he was employed with an income of £50,000 a year. Vanquis carried out a credit search and found Mr W had a default balance and County Court Judgement that were almost six years old at the point of application. Vanquis didn't find any outstanding credit in Mr W's name. Vanquis approved a credit card with a limit of £500.

Vanquis went on to increase Mr W's credit limit to £1,000 in June 2017, £1,750 in December 2017, £2,500 in March 2019 and £3,500 in September 2019. Vanquis says that each time it increased Mr W's credit limit it checked his credit file and found he didn't have any new borrowing with other lenders. In addition, Vanquis says it completed an income and expenditure assessment to get a better picture of Mr W's circumstances in March and September 2019, before approving the credit limit increases.

Mr W repaid the outstanding balance in full in February 2021 and hasn't used the account since.

Earlier this year, representatives acting for Mr W complained that Vanquis had lent irresponsibly. The representatives pointed out Mr W had used his credit card for multiple cash withdrawals and that the balance had exceeded the credit limit on multiple occasions, with one payment being missed.

Mr W's complaint was submitted to this service and passed to an investigator. The investigator looked at Vanquis' lending decisions. They thought Vanquis had carried out reasonable and proportionate checks before approving Mr W's credit card application and increasing the credit limit to £1,000 in June 2017. But the investigator thought Vanquis should've done more to check Mr W's circumstances when increasing the credit limit from December 2017 to September 2019, when it reached £3,500.

The investigator asked Mr W's representatives to supply bank statements for the period before each credit limit increase. But Mr W's representatives advised no bank statements were available. A full copy of Mr W's credit file was supplied.

The investigator said that as no evidence of what Vanquis would've found if it had reviewed Mr W's statements was available, they'd based their findings on the information on file. The investigator wasn't persuaded that the available information showed Vanquis had lent irresponsibly and didn't uphold Mr W's complaint. Mr W's representatives asked to appeal, so his complaint has been passed to me to make a 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.

Our approach to considering complaints about unaffordable and irresponsible lending is set out on our website. I've had this approach in mind when considering what's fair and reasonable in the circumstances of this complaint.

Before providing credit, lenders need to complete reasonable and proportionate affordability checks. There isn't a set list of checks a lender is required to carry out, but it needs to ensure the checks are proportionate when considering things like: the type and amount of credit being provided, the size of the regular repayments, the total cost of the credit and the consumer's circumstances.

I've reviewed the available information and I agree with the investigator that the checks Vanquis completed when looking at Mr W's application in December 2016 and increasing the credit limit to £1,000 in June 2017 were proportionate. Whilst I can see Vanquis found some historic adverse credit when it carried out a search on Mr W, it was almost six years old at the point of application. And I note Mr W had no other debts. In my view Mr W's credit card application and first credit limit were fairly approved and I haven't seen anything that shows Vanquis lent irresponsibly.

Mr W's credit limit was increased in stages from December 2017 to September 2019 when it reached £3,500. As Mr W's representatives highlighted, there were various occasions when Mr W's balance exceeded the credit limit and he used his credit card for multiple cash withdrawals. I agree that account activity of that nature may be a sign of financial difficulty and should've caused Vanquis to carry out more comprehensive checks.

I can see our investigator asked for bank statements so we could get a better understanding of Mr W's circumstances at the times Vanquis increased his credit limit but none have been supplied. So I've been unable to say what Vanquis would've seen if it had asked Mr W for bank statements before it increased his credit limit. But we can't uphold a complaint solely on the basis that a business ought to have carried out better checks. I have to consider all the available evidence on file when reaching a decision.

I've looked at the credit file Mr W's representatives have provided. Whilst I can see that Mr W did go on to obtain various loans and accounts that increased the level of debt, all the other accounts on his credit file were opened after the final credit limit increase from Vanquis. And whilst I can see there were instances where Mr W's balance exceeded the credit limit and that he used his credit card to obtain cash, the account was well managed overall. Mr W missed a payment early in his relationship with Vanquis, but when he spoke with it confirmed the issue was caused by a change in employment and it was made up. There were no other missed payments. I can see that in March 2019 and December 2019 Vanquis also completed an income and expenditure assessment with Mr W to get a better picture of his circumstances. I also think it's fair to note that Mr W went on to clear his outstanding balance with Vanquis in full in February 2021.

Based on all the information available, I haven't seen clear signs that Mr W's Vanquis credit card was irresponsibly approved. And I'm satisfied that whilst Vanquis ought to have carried out more comprehensive checks during the period it was increasing Mr W's credit limit, the information available doesn't show it lent irresponsibly. In my view, Vanquis reasonably approved Mr W's credit card and increased his credit limit.

I'm sorry to disappoint Mr W but as I haven't been persuaded Vanquis lent irresponsibly, I'm not upholding his complaint.

**My final decision**

My decision is that I don't uphold Mr W's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 12 January 2024.

Marco Manente  
**Ombudsman**