

The complaint

Mr G complains that Vanquis Bank Limited was irresponsible in its lending to him.

What happened

Mr G says that Vanquis provided him with a credit limit of £500 and he incurred fees for late payments and going over his limit. He says this shows the lending was irresponsible.

Vanquis provided a final response to Mr G's complaint dated 29 August 2023. It said that applications are assessed using credit scoring which assesses credit stability and ability to pay. It said Mr G's account was opened on 28 July 2017 and his application confirmed he was employed full time and with an annual income of £31,500. It carried out a credit check and Mr G had no defaulted accounts for 28 months, and had external non-mortgage debt of £4,808. It said based on its checks it provided Mr G with a low initial credit limit of £500. This credit limit was never increased.

Our investigator didn't uphold this complaint. She thought the checks carried out by Vanquis before the lending was provided were proportionate. She noted that Mr G's bank statements from the time suggested he was struggling financially but she didn't think that Vanquis was required to request these before lending. As Vanquis' checks didn't raise concerns that the lending was unaffordable she didn't think that Vanquis had done anything wrong to provide the card with a £500 credit limit.

Mr G didn't agree with our investigator's view. He said our investigator had noted his statements suggested that he was struggling financially and he thought Vanquis should have done more to assess his situation (especially given it provides lending to customers with poor credit history). He also asked why this complaint hadn't been upheld when another of his complaints had been upheld.

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 note Mr G's comment about another case being upheld. We consider each case on its individual merits and my decision is based on what I consider fair and reasonable given the unique 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.

As our investigator explained, 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, it just 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.

Before lending to Mr G, Vanquis asked Mr G about his employment and income and carried out a credit check. Mr G was recorded as being employed full time with an annual income of £31,500. His credit check showed that he had five defaults but the total outstanding on these was recorded as 'zero'. Vanquis has explained that it specialises in providing credit for customers who may not be able to obtain it from banks and other mainstream lenders because of their credit history. Given this I think it reasonable that it will fully assess the credit history of a customer before lending. In this case, as the most recent default was recorded 28 months prior to his application I think it was reasonable that Vanquis considered the defaults as historic. Considering the size of the credit limit provided, £500, and noting that the credit search didn't raise any other concerns, I think the checks undertaken by Vanquis before lending to Mr G were proportionate.

Considering the information gained through Vanquis' checks, I do not find I can say that providing Mr G with a credit card with a £500 limit was irresponsible. I say this as based on Mr G's declared income and noting his other outstanding credit commitments at the time, I do not find that the evidence suggested the lending would be unaffordable.

I understand the comment Mr G has made about his bank statements. However, Vanquis wasn't required to request copies of these and in this case I think the information it gathered was reasonable. Therefore, as this information didn't raise concerns that meant further checks were needed, or that the lending was unaffordable, I do not find I can uphold this complaint.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 9 February 2024.

Jane Archer
Ombudsman