

The complaint

Mr M complains that Vanquis Bank Limited initially offered him a credit limit increase and then declined it.

What happened

Mr M holds a credit card with Vanquis.

In August 2023 Vanquis wrote to Mr M and offered him a credit limit increase to £4000. However, on 18 September 2023 the credit limit increase was declined.

Mr M complained to Vanquis and asked it to increase the credit limit. In its final response, Vanquis said it was required to ensure that any increase was responsible and said it had been unable to satisfy itself that the increase was affordable for Mr M. It said it would assess Mr M's account each month for a credit limit increase to see if he was eligible but said it wouldn't provide a manual increase.

Mr M remained unhappy and brought his complaint to this service. He's unhappy that Vanquis hasn't provided him with an explanation as to why he was offered the credit limit increase and then declined for it.

Our investigator didn't uphold the complaint. She said that before providing credit, a business was obliged to conduct affordability checks and ultimately Vanquis made the decision not to provide Mr M with further credit. The investigator said that Vanquis hadn't acted unreasonably in the circumstances.

Mr M didn't agree. He said he didn't understand why he wouldn't pass an affordability check and that he had always cleared his balance every month. Mr M said he wanted the credit limit increase and compensation for the time and stress he'd been caused.

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.

Before agreeing to lend money or provide credit, a business must take reasonable steps to make sure it doesn't lend irresponsibly. In practice, this means that the business has to carry out checks to make sure that the consumer can afford to repay what is being lent to them in a sustainable way. These checks can take into account a number of factors. The checks are often referred to as the businesses lending criteria. A business can set its own lending criteria and the decision on whether to lend to a consumer is a commercial one and not one with which this service can interfere. I've explained this because it's important that Mr M understands that I can't ask Vanquis to increase his credit limit. What I can do is look at whether Vanquis treated Mr M fairly.

Vanquis isn't obliged to increase a credit limit nor is it obliged to provide the specific reason for why Mr M's credit limit increase was declined. This would be commercially sensitive

information.

There are a number of reasons why a credit limit increase might be declined. For example, some of the most common are that an account is too new, the consumer has a low credit score, the consumer has a record of late payments, the consumer has a history of only making the minimum payments, the consumer's income is too low, the consumer has too many recent credit applications, or the consumer has too much available credit. Sometimes, the fact that a consumer hasn't used their existing credit limit facility can impact on the debt to income ratio calculations used by lenders.

In this case, Vanquis told Mr M that it had been unable to satisfy itself that the increase would be affordable.

Based on what I've seen, I'm satisfied that Vanquis applied its lending criteria and decided – based on those criteria – that it couldn't offer Mr M a credit limit increase. I haven't seen anything to suggest that Vanquis applied the lending criteria unfairly, or that it treated Mr M unfairly in some other way.

I understand that Mr M feels frustrated and disappointed by Vanquis's decision. He's said that he's always maintained the account well and settles the balance each month. I don't doubt what Mr M says in this respect. However, ultimately, it's a commercial decision for Vanquis whether it increases a credit limit. I can't require it to increase Mr M's credit limit.

Taking everything into account, I'm unable to say that Vanquis has treated Mr M unfairly or unreasonably here. I won't be asking it to do anything further.

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 Mr M to accept or reject my decision before 4 June 2024.

Emma Davy
Ombudsman