

## **The complaint**

Miss B complains that Vanquis Bank Limited irresponsibly lent to her.

## **What happened**

Miss B applied for a credit card from Vanquis in February 2019. It gave her a £1,000 credit limit and increased this to £1,750 in June 2021, to £2,500 in July 2022, to £3,500 in November 2022 and to £4,000 in March 2023.

Miss B says Vanquis was wrong to lend to her given her financial circumstances. Vanquis says it carried out proportionate checks and the lending was responsible.

Our investigator did not uphold Miss B's complaint. She said Vanquis had completed proportionate checks at account opening and for the first two limit increases that did not show Miss B would be unable to sustainably repay the credit. But it should have carried out better checks for the last two increases. However, it was most likely these would have shown the additional credit to be affordable.

Miss B disagreed with this assessment and asked for an ombudsman's review. She said it was confusing as her other complaint was upheld. And just because she was managing her credit well doesn't mean it was not stressful and hard to do so.

## **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 Miss B unfairly in some other way.

Vanquis has shared the results of the checks it carried out prior to opening Miss B's account and increasing her limit each time. At application it asked for Miss B's income and employment status and then completed a credit check with an external agency. It used national statistics to estimate Miss B's outgoings as they were higher than the costs she had declared. For the limit increases Vanquis took into account how Miss B was managing her account, as well as updating its credit check, and income and expenditure analysis. On each occasion, from these checks combined Vanquis concluded Miss B could afford the credit.

I agree with the investigator that the checks were proportionate at application and for the first two limit increases. But by the third increase better checks were needed. Our investigator

flagged that this was the case as Miss B's external debt had significantly increased, but I think she had accepted the offer of the third limit increase before it knew this. However, as it was only four months since the previous increase Vanquis had limited data on how she was managing her new limit. So I am making the same finding that fuller checks were needed at this time before advancing more credit. I will return to what this means later in the decision after commenting first on the fairness of the earlier lending decisions.

#### *Account opening*

Vanquis learnt Miss B's monthly net income was £1,745, her housing costs were £430 and it used ONS data for her living costs of just over £500. The credit check showed she had very little active debt – just £529. It did reveal some adverse data but this was from between 2013 and 2017 and Miss B was making payments towards these historic defaulted balances. A CCJ that was registered in 2013 had since been satisfied. So, in the round I think it was fair for Vanquis to open the card for Miss B with a £1,000 limit.

#### *Credit limit increase to £1,750*

At this stage Vanquis' checks showed Miss B's monthly disposable income was £532. Her debt had increased to £5,197. All of her active accounts were up-to-date. It was over 36 months since she was in arrears on any account. And her defaulted accounts were either settled, or by now too old to show on her file. Again, I think it was reasonable for Vanquis to conclude the additional credit would be affordable.

#### *Credit limit increase to £2,500*

At this stage Vanquis' checks showed Miss B's monthly disposable income was £680. Her debt had increased to £6,040. All of her active accounts were still up-to-date. Miss B's credit utilisation was around 50% in the twelve months period leading up to the limit increase and it seems the card was not being used for cash withdrawals. So there were no signs of financial pressure and again, I think it was reasonable for Vanquis to conclude the additional credit would be affordable for Miss B.

#### *Credit limit increase to £3,500 and £4,000*

As Vanquis offered another £1,000 credit only four months later, and a further £500 another four months later, I think it needed to carry out better checks, using actuals, to be sure the data it was using accurately reflected Miss B's financial position.

In cases like this we look at bank statements from the months prior to the lending decision. I am not saying Vanquis had to do exactly this but it is a reliable way for me to understand what better checks would most likely have shown. And I don't think Vanquis ought to have made different lending decisions had it carried out better checks. There are no indicators of financial instability such as the persistent reliance on an overdraft, returned direct debits or the use of payday loans. It follows I don't find Vanquis was wrong to give the last two increases.

Miss B argues that whilst it may look like she was managing her finances, it was a struggle for her. I accept that the data alone may not show the whole picture and Miss B may have been more challenged than reviewing her bank statements can show. But as proportionate checks would not have shown this, I cannot fairly say the lender made unfair or irresponsible decisions.

Miss B has also raised that other complaints she has made have been upheld and this is confusing. I can only comment here on this complaint, but to help explain I will say that we

decide each complaint on its individual merits. So one complainant can bring different irresponsible lending complaints to this service that can have varying outcomes. This can be based on, amongst other things, the characteristics of the lending and the applicant's circumstances at the time of lending.

I have not seen any evidence Miss B was treated unfairly by Vanquis in some other way.

### **My final decision**

I am not upholding Miss B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 23 April 2024.

Rebecca Connelley  
**Ombudsman**