

The complaint

Mr B complains that Vanquis Bank Limited (“Vanquis”) lent to him irresponsibly.

What happened

Mr B applied for a credit card with Vanquis in May 2015. He was accepted and given a credit limit of £500 which was increased several times over the next two years or so until in August 2017 it was £4,000. Mr B closed the account in October 2019.

In 2023 Mr B complained to Vanquis. He said Vanquis shouldn’t have increased his credit limit and that Vanquis didn’t make proportionate checks on his financial circumstances to make sure he could afford any credit limit increase.

Vanquis didn’t uphold Mr B’s complaint, so he brought it to this service.

Our investigator didn’t uphold Mr B’s complaint. They didn’t have sufficient evidence to support a finding that Vanquis had done anything wrong in its lending decisions and that Mr B had lost out as a result.

Mr B disagreed. He didn’t explain why he disagreed or supply any new evidence, despite invitation to do so. As Mr B didn’t agree the 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.

We’ve set out our general approach to complaints about unaffordable and irresponsible lending - including the key relevant rules, guidance and good industry practice - on our website and I’ve taken that into account when considered Mr B’s complaint.

Having done so, I’ve come to the same conclusion as our investigator. I don’t think Vanquis acted unfairly and lent to Mr B irresponsibly. I’ll explain why I’ve reached this conclusion. Vanquis needed to take reasonable steps to ensure it didn’t lend irresponsibly. In practice this means that it should have carried out proportionate checks to make sure Mr B could afford to repay what she was being lent in a sustainable manner. These checks could take into account a number of different things, such as how much was being lent, the repayment amount, Mr B’s borrowing history and his income and expenditure.

Vanquis has provided evidence that it completed a credit check when Mr B applied for his credit card. It showed no recent adverse information, there were no outstanding County Court Judgments (CCJs) or other evidence of recent non-payment of credit. It asked Mr B his income and Vanquis noted Mr B had only £100 in other credit at the time. Sustainable repayments, if Mr B used the whole of the credit limit at once, would have been around £25

a month. On the basis of this information, I think Vanquis carried out proportionate checks and acted reasonably on the information it obtained.

Vanquis increased Mr B's credit limit by £500 five months later. Vanquis's checks at the time showed that Mr B's financial circumstances were similar to those four months earlier. There were no CCJs and Mr B wasn't using short term lending. He hadn't missed any payments. He had only £148 in other external non-mortgage lending. Again, I think Vanquis carried out proportionate checks and acted reasonably on the information it obtained.

Further increases followed in 2016 and 2017 – four in total. Again, Vanquis's checks before three of the four credit limit increases showed no significant changes to Mr B's financial circumstances. Indeed, if anything, it had improved as he had no other external credit

The final increase came in August 2017, when Mr B's limit was increased from £3,500 to £4,000. At this point Mr B's financial circumstances had changed a little as he now had outstanding borrowing elsewhere of around £8,700. It could be argued that given this change of circumstances Vanquis ought to have asked Mr B about his income and expenditure to understand better whether he could afford more credit. But even if it had, I don't think it would have made a difference to its decision to increase Mr B's credit limit.

Mr B has provided us with his bank statements for the period before the credit limit increase and I can see that he had begun repaying a loan for a car, which cost him around £198 a month. It seems this was the source of the additional borrowing. The increase in Mr B's credit limit would have cost him about £25 a month to repay sustainably if he used it all.

Looking at the rest of Mr B's income and expenditure I can see that he was not overcommitted. He was not seeking out short term lending and he was always in credit. So, even if Vanquis had completed further checks I don't think it would have seen anything to make it think Mr B couldn't afford the additional credit.

Mr B says he was in financial difficulty and that he was only repaying the minimum amount each month. This isn't strictly true, because Vanquis has provided evidence to support the position that up to the point of the last credit limit increase he was paying considerably more than the minimum repayment each month.

I can see that in September 2018 Vanquis sent Mr B a letter explaining that he was in persistent debt – that is, that if he didn't increase his repayments each month it would take him a very long time to pay off his existing debt. Mr B didn't contact Vanquis about that letter, and he appears to have been out of persistent debt by at least June 2019 because Vanquis specifically noted this in its records at the time. In August 2019 Mr B closed the account.

So, on the basis of the evidence provided, I haven't identified anything Vanquis did wrong, which means I do not uphold Mr B's complaint.

My final decision

For the reasons I have set out above I do not uphold Mr B's complaint. It follows that Vanquis Bank Limited does not have to do anything further.

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

Sally Allbeury
Ombudsman