

## **The complaint**

Mr K, via a third party, complains that Vanquis Bank Limited (“Vanquis”) acted irresponsibly in providing him with a credit card.

## **What happened**

In May 2015 Vanquis provided Mr K with a credit card with a credit limit of £150. This credit limit was never increased by Vanquis.

One of our investigators reviewed what Mr K and Vanquis had said and submitted. And he thought Vanquis hadn’t done anything wrong or treated Mr K unfairly in providing the credit card that it did. So he didn’t recommend that Mr K’s complaint be upheld.

Mr K disagreed and so his complaint has been passed to me for review and 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 explained how we handle complaints about unaffordable and irresponsible lending on our website. And I’ve used this approach to help me decide Mr K’s complaint.

Vanquis needed to make sure it didn’t lend irresponsibly. In practice, what this means is Vanquis needed to carry out proportionate checks to be able to understand whether Mr K could afford to repay any credit it provided.

Our website sets out what we typically think about when deciding whether a lender’s checks were proportionate. Generally, we think it’s reasonable for a lender’s checks to be less thorough – in terms of how much information it gathers and what it does to verify it – in the early stages of a lending relationship. But we might think it needed to do more if, for example, a borrower’s income was low or the amount lent was high.

Vanquis says it agreed to Mr K’s application after it had reviewed his application and after it had undertaken a credit search. And this review and check led it to conclude that Mr K would be able to make the low monthly repayments due for this credit card.

On the other hand Mr K says that he shouldn’t have been lent to.

I’ve considered what the parties have said.

What’s important to note is that Mr K was provided with a revolving credit facility rather than a loan. This means that to start with Vanquis was required to understand whether a credit limit of £150 could be repaid within a reasonable period of time, rather than all in one go. And a credit limit of £150 required relatively small monthly payments in order to clear the full amount owed within a reasonable period of time.

I also think it's important to note that Vanquis' credit check didn't indicate that Mr K had previous difficulties with credit in the form of defaults or county court judgements.

So, in these circumstances, I don't think that it was unreasonable for Vanquis to rely on what it reviewed and checked before agreeing to provide Mr K with his credit card, particularly in light of the low monthly repayments that would be required to repay £150 within a reasonable period of time.

As this is the case, I'm satisfied that the checks carried out before Mr K was provided with his credit card were reasonable and proportionate and Vanquis didn't act unfairly when opening Mr K's account.

For the avoidance of doubt I accept that had Vanquis undertaken further checks it might have decided not to open an account for Mr K, on the grounds his actual income was less than £27,000 and his regular non-discretionary expenditure was substantial. But I need make no finding on this particular point because as I say above I'm satisfied that the checks undertaken by Vanquis, in the particular circumstances of this case, were reasonable and proportionate and it didn't act unfairly when it opened Mr K's account.

### **My final decision**

My final decision is I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 25 June 2024.

Peter Cook  
**Ombudsman**