

## **Complaint**

Mr W has complained that Vanquis Bank Limited (trading as “Vanquis”) irresponsibly provided a credit card to him.

## **Background**

In September 2019, Vanquis provided Mr W with a credit card which had a limit of £1,000.00. Mr W wasn't provided with any credit limit increases.

One of our investigators reviewed what Mr W and Vanquis had told us. And she thought Vanquis hadn't done anything wrong or treated Mr W unfairly in relation to providing the credit card. So she didn't recommend that Mr W's complaint be upheld. Mr W disagreed and asked for an ombudsman to look at the complaint.

## **My findings**

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 W'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 W 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 don't think that it is necessarily unreasonable for a lender's checks to be less detailed – 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. And the longer the lending relationship goes on, the greater the risk of it becoming unsustainable and the borrower experiencing financial difficulty. So we'd expect a lender to be able to show that it didn't continue to lend to a customer irresponsibly.

Vanquis says it agreed to Mr W's application after it obtained information on his income and carried out a credit search. And the information obtained indicated that Mr W would be able to make the low monthly repayment required to clear the balance that could be owed within a reasonable period of time. On the other hand Mr W says that he shouldn't have been lent to under any circumstances. I've considered what the parties have said.

What's important to note is that Mr W was provided with a revolving credit facility rather than a loan. And this means that Vanquis was required to understand whether a credit limit of £1,000.00 could be repaid within a reasonable period of time, rather than in one go. A credit limit of £1,000.00 required relatively low monthly payments in order to clear the full amount that could be owed within a reasonable period of time.

I've seen records of the information Vanquis obtained from Mr W about his income and what was on the credit search carried out. Vanquis says that Mr W declared a salary of £18,000.00 a year. Furthermore, while the credit search did show that Mr W had a relatively recent defaulted account recorded against him.

But Mr W only had a low amount of active credit at this stage too. So contrary to what Mr W has argued, I don't think what was on the credit search Vanquis carried out means that Mr W's application should automatically have been declined. Ultimately, it was up to Vanquis to decide whether it wished to accept the credit risk of taking on Mr W as a customer provided it reasonably reached the conclusion that Mr W could afford to repay what he might end up owing.

I accept that Mr W says his actual circumstances at the time were worse than what the information Vanquis obtained showed. I'm sorry to hear to hear about his difficulties. However, Vanquis didn't know this at the time of making its lending decision and it couldn't be expected to know about any of this either.

It's also not immediately apparent to me that further checks, which at the absolute maximum would have consisted of finding out more about Mr W's living expenses rather than relying on estimates of this, would, in any event, have led to Vanquis making a different decision. I say this because, despite having had sufficient opportunity to do so, Mr W has not provided me with anything to indicate that his living costs were significantly more than the estimates Vanquis used.

Overall and having considered everything, while I can understand Mr W's sentiments and I'm sorry to hear about his situation, I don't think that Vanquis treated Mr W unfairly or unreasonably. I'm therefore not upholding Mr W's complaint. I appreciate this will be very disappointing for Mr W. But I hope he'll understand the reasons for my decision and that he'll at least feel his concerns have been listened to.

### **My final decision**

For the reasons I've explained, I'm not upholding Mr W's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 22 July 2024.

Jeshen Narayanan  
**Ombudsman**