

The complaint

Mr M complains that Vanquis Bank Limited irresponsibly approved his credit card account application which was unaffordable.

What happened

Mr M says he opened a Vanquis credit card account. He says the lending was irresponsible and unaffordable. Mr M says Vanquis didn't check his income and he had a significant amount of existing debt at the time. He says he had a County Court Judgement (CCJ) recorded against him as well as numerous missed payments on other accounts. Mr M says he was reliant on his overdraft facility and would like any interest refunded.

Vanquis says it carried out appropriate checks on the application when it was opened in July 2019. It says Mr M did not have a CCJ recorded on his credit file and the default was some five years before this lending for a credit limit of £1,000 which was increased to £1,500. Vanquis says Mr M was in employment with a declared income of over £20,000 and made required payments until telling it he was unwell in February 2021.

Mr M brought his complaint to us, and our investigator didn't uphold the complaint. The investigator thought appropriate checks were carried out and Mr M didn't have any recent adverse information on his credit file. The investigator thought the credit facility was modest and the problems took place when Mr M was unable to work.

Mr M doesn't accept that view and says his income was half that declared. And that other credit applications had been rejected. He says he was on a debt plan at the time with gambling problems.

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.

Having done so I have come to the overall view that I don't uphold this complaint.

Lenders and credit providers must carry out reasonable and proportionate checks on any application to ensure such lending is affordable. There is no set list of checks that must be carried out and such checks will vary depending on the type and amount of any lending. I am satisfied that Mr M made an application for a credit card account with a revolving credit facility rather than for example a loan for a fixed amount.

I can see that Vanquis did carry out checks on Mr M's application and checked his credit file as well as carrying out affordability assessments. I can see it concluded Mr M didn't have any recent adverse information recorded on his credit file and that he was managing his existing debt appropriately. So, I'm satisfied that reasonable and proportionate checks were carried out by Vanquis, and it was reasonably entitled to ignore the default that was registered some five years before this application. I am also satisfied Vanquis reasonably took into account Mr M's declared income and expenditure details. I appreciate Mr M says

the income details were exaggerated. But I think he has to take responsibility for that information and I don't think in this case Vanquis needed to carry out checks on that income having considered the information available to it.

I am satisfied Vanquis approved what I think was a modest credit limit of £1,000 and can see Mr M managed his account appropriately by making required payments on time before the credit limit increase. It follows that I am satisfied Vanquis did carry out further appropriate checks before increasing the credit limit by a modest £500. And can see that Mr M's debt had fallen at that time.

I have looked carefully at how Mr M managed his account after it was opened and after the credit limit increase in February 2020. And I can see the account was managed appropriately until in February 2021 Mr M told Vanquis about his medical position. I think it more likely that it was Mr M's inability to work that caused financial difficulty rather than the decision to open his credit card account or increase the credit limit.

I appreciate Mr M says he had a poor credit record and was on a debt management plan. I have not seen any evidence of either and would have expected Mr M to have provided evidence of that. I have not seen any evidence Vanquis saw such evidence either or any evidence of CCJ's that Mr M says were recorded against him. I also appreciate Mr M says he relied on his overdraft facility but having looked at the bank statements he provided I can't see that was the position.

Overall, I'm satisfied Vanquis did carry out reasonable and proportionate checks on this application before approving a modest credit facility. I find that Mr M managed his account appropriately until a change of his circumstances which I can't fairly hold Vanquis responsible for.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 17 July 2024.

David Singh
Ombudsman