

The complaint

Ms W complains that Vanquis Bank Limited irresponsibly lent to her.

Ms W is represented by a solicitors firm in bringing this complaint. But for ease of reading, I'll refer to any submission and comments they have made as being made by Ms W herself.

What happened

Ms W was approved for a Vanquis credit card in April 2019 with a £1,000 credit limit. The credit limit was increased to £1,500 in September 2019. She says Vanquis lent irresponsibly to her by approving her application and credit increase. Ms W made a complaint to Vanquis.

Vanquis did not uphold Ms W's complaint. They said Ms W told them she was employed with an annual income of £35,000. They said there had been no County Court Judgements (CCJ's) showing on her credit file for 62 months prior to their checks and no defaults showing for 52 months. They said active non-mortgage lending was showing around £100. Vanquis said the increase to her credit limit was dependent upon the completion of an income and expenditure assessment. Vanquis said their checks were proportionate. Ms W brought her complaint to our service.

Our investigator did not uphold Ms W's complaint. She said the checks Vanquis made were proportionate and they made fair lending decisions. Ms W asked for an ombudsman to review her complaint. She sent bank statements to our service which she says doesn't show income of £35,000. She said she was made bankrupt in 2016.

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.

Before agreeing to approve or increase the credit available to Ms W, Vanquis needed to make proportionate checks to determine whether the credit was affordable and sustainable for her. There's no prescribed list of checks a lender should make. But the kind of things I expect lenders to consider include - but are not limited to: the type and amount of credit, the borrower's income and credit history, the amount and frequency of repayments, as well as the consumer's personal circumstances. I've listed below what checks Vanquis have done and whether I'm persuaded these checks were proportionate.

Acceptance for the Vanquis credit card - initial credit limit (£1,000)

I've looked at what checks Vanquis said they did when initially approving Ms W's application. I'll address the credit limit increase later on. Vanquis said they looked at information provided by credit reference agencies and information that Ms W had provided before approving her application.

I'm persuaded that the account opening checks were proportionate. I say this as the

information showed that while Ms W had total unsecured borrowings at the time of around £100, she had declared an income of £35,000. But that's not all Vanquis's data showed. The data also showed that Ms W had CCJ's with the last one 62 months prior to her application, and a default 54 months prior to her application (although the data shows this was settled in 2014).

It may help to explain here that, while information like CCJ's or defaults on someone's credit file may often mean they're not granted further credit – they don't automatically mean that a lender won't offer borrowing. Here, Vanquis considered the information that Ms W had on her credit history, and they still made a decision to lend which, in the circumstances, I think was reasonable.

I say this because this information is not all that Vanquis had access to. The credit checks showed that Ms W had no active defaults registered, and there were no accounts in arrears. The £1,000 credit limit was less than 3% of her declared gross annual income. And the checks show she didn't have a high amount of credit available to her with other lenders (£300 credit limit on a credit card/store card), and she wasn't utilising her credit on this card.

So I'm satisfied that the checks Vanquis carried out here, prior to approving the initial £1,000 credit limit were proportionate and that Vanquis made a fair lending decision to approve Ms W's application. Although Ms W says she was bankrupt in 2016, there is no evidence from Vanquis' checks that Ms W had been made bankrupt years earlier, so I can't reasonably say they ought to have been aware of this.

September 2019 credit limit increase - £1,000 to £1,500

I've looked at the information that Vanquis had available to them when they increased Ms W's credit limit. The increase here was an extra £500. This increase was around five months after Vanquis had initially accepted her application. So Vanquis would have been able to see how Ms W managed her account prior to increasing her credit limit.

But while I'm persuaded that Vanquis would have had no reason to be concerned about how Ms W was operating her account, they had used a different credit reference agency (CRA) for their checks just prior to the credit limit increase. The CRA that Vanquis used showed that Ms W had more recent CCJ's and defaults than what the previous CRA reported to them, as they showed the last CCJ was registered 22 months prior to the credit limit increase. It also showed the last default registered was 21 months prior to the credit limit increase. So I'm persuaded that this should have prompted further checks.

I can see that Vanquis did complete further checks here. Their system notes show they spoke with Ms W on 20 September 2019. The note has a time of 14:25pm and it says *"affordability questions completed successfully"*. So Vanquis did not automatically increase her credit limit, they only did so after asking Ms W questions.

As I don't have access to the call recording, I'm unable to say whether Vanquis' checks were proportionate on this call, as they haven't responded to my request for the call recording by the deadline I set. So as Ms W has provided her bank statements prior to the credit limit, I've looked to see if Vanquis made a fair lending decision to increase the credit limit to £1,500. Ms W's bank statements that she's provided us are weekly bank statements. Looking at the June 2019 statements she provided us, I can see that the statements between 1-28 June 2019 show in the top right hand corner the amount paid in over the statement period. I've added up these amounts and they total £7,320.52 for 1-28 June 2019, which is substantially higher than what Ms W declared her income was originally.

Ms W has told us she was self-employed, and she's told us the type of transaction on her statements which was from her clients. I've calculated the total of these credits between 1-28 June 2019 to be £2,397.45. They also show deposits at the branch, totalling £2,300 over this period. And credits from family. Although Ms W has said family transferred her money due to her financial position at the time, her statements show her account being in credit by three figures, and occasionally it is in credit by four figures. So it wouldn't be apparent to Vanquis that Ms W would be in any financial difficulty here.

I've looked at Ms W's bank statements between 29 June-2 August 2019. There is a statement missing between 20 June-26 June 2019. But I'm not persuaded that if I had this statement it would change the outcome of my analysis (apart from this could show other income Ms W had during this week). The total amount which credited her account over the statements I have is £5,520.48. The credits from her clients were £2,801.50, but they would be likely higher if I had the missing statement. Branch deposits showing on these statements total £1,563.98. And her balance is usually either three or four figures.

The statements covering 3 August-6 September 2019 aren't all there as I'm missing the 3-9 August 2019 statement, but again, I'm not persuaded that this would make a material difference to the analysis. I say this because over the four statements I do have over this timeframe, it shows credits of £5,353.50 into the account. Her clients had credited £3,139.50 into her account. And the branch deposits totalled £1,350.

So while I don't have access to the affordability questions, Ms W's bank statements are in line with what she told Vanquis about her earnings. Although in some months her self-employed earnings are lower than what she told Vanquis, some months they are higher. That's to be expected with the nature of self-employment. But even without the additional deposits from her family showing on the statements, the branch deposits also show large amounts being paid into the account.

The statements show her account was very well ran, other creditors were being paid, and the balance of the account was never overdrawn on these statements and very rarely reached a balance of two figures. It was mostly in the mid-three figure range and on occasion in the low four figure range. So with all things considered, I'm satisfied that Vanquis made a fair lending decision when they increased the credit limit to £1,500.

I've also considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think Vanquis lent irresponsibly to Ms W or otherwise treated her unfairly. I haven't seen anything to suggest that Section 140A or anything else would, given the facts of this complaint, lead to a different outcome here. So it follows I don't require Vanquis to do anything further.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms W to accept or reject my decision before 30 August 2024.

Gregory Sloanes
Ombudsman