

## The complaint

Mr T complains that Vanquis Bank Limited acted irresponsibly in its lending to him.

Mr T is represented by a third party but for ease of reference I have referred to Mr T throughout this decision.

## What happened

Mr T was provided with a Vanquis credit card in April 2019. The initial credit limit was £1,000. The credit limit was increased on five occasions with the final increase being to £4,000 in January 2023. Mr T says that the lending was provided without the required checks being undertaken. He says adequate income verification, affordability and credit worthiness assessments didn't take place before his credit was increased and the increased credit has meant he is now struggling to meet his financial obligations.

Vanquis issued a final response letter in April 2024, not upholding Mr T's complaint. It explained that before providing credit it carries out credit scoring which assesses a customer's credit stability and ability to pay. It said that when Mr T opened his credit card account, he confirmed he was employed full time with an annual income of £23,500. It said his credit check showed no county court judgement entered for 28 months, no defaults for 59 months and external non-mortgage debt of £100. Based on this it offered him a credit account with a limit of £1,000. Vanquis said that before it increased Mr T's credit limit it carried out checks to ensure the lending decision was responsible and its checks didn't suggest the lending shouldn't be provided.

Mr T referred his complaint to this service.

Our investigator noted that Mr T's credit card balance hadn't exceeded the £1,950 credit limit and so she didn't consider any limit increases beyond this as these had no detriment to Mr T. Considering the account opening and first credit limit increase to £1,950, our investigator thought the checks carried out before this lending was provided were reasonable. Based on these checks she didn't think the lending was unaffordable and didn't identify any other reasons why the lending shouldn't be provided. Therefore, she didn't uphold this complaint.

Mr T didn't accept our investigator's view. He provided copies of his bank statements which he said showed payments to a gambling site and his account being overdrawn shortly before the credit card was provided. He said his statements also showed payments to a gambling site and payments for child maintenance (showing an additional financial commitment) before the credit limit increases.

Our investigator responded to Mr T's additional information confirming that she found the checks carried out before the lending was provided were proportionate and so she wouldn't have expected Vanquis to request copies of Mr T's bank statements. She noted the comment about gambling, but she didn't think that Vanquis would have been reasonably aware of this at the time of the lending.

## **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.

Our general approach to complaints about unaffordable or irresponsible lending – including the key rules, guidance and good industry practice – is set out on our website.

The rules don't set out any specific checks which must be completed to assess creditworthiness. But while it is down to the firm to decide what specific checks it wishes to carry out, these should be reasonable and proportionate to the type and amount of credit being provided, the length of the term, the frequency and amount of the repayments, and the total cost of the credit.

Mr T applied for a credit card account in April 2019. As part of the application process, Mr T was asked about his employment and income and a credit check was carried out. Mr T declared he was employed full time with an annual income of £23,500. A credit check was carried out which showed Mr T had a historic county court judgement and historic defaults. Having considered the credit check results, while I accept there was adverse data recorded, as this was historic, and the more recent credit data didn't raise concerns, I do not find that this meant lending shouldn't have been provided, or that additional checks were required. Noting the credit limit being provided compared to Mr T's income I find the checks were reasonable.

However, just because I consider the checks were reasonable, this doesn't necessarily mean that the lending should have been provided. I have noted above my thoughts in regard to the credit check results and so have also considered whether the information gathered suggested the lending was affordable for Mr T. While I cannot see evidence of an income verification taking place (and do not think this was required in this case), I note the bank statements Mr T has provided support the income he declared. Mr T's credit check showed limited credit commitments. So, assessing the credit limit provided against Mr T's income and noting his credit commitments, I find that the lending appeared affordable.

Mr T's credit limit was increased from £1,000 to £1,950 in March 2021. Before this happened, further checks took place. These showed no new defaults or county court judgements and that Mr T still had very limited other financial commitments. Mr T had been managing his credit card account and hadn't exceeded the credit limit and was making regular repayments. Given this, I do not find that Vanquis did anything wrong by increasing Mr T's credit limit to £1,950.

Further credit limit increases were applied to Mr T's account. However, Mr T didn't make use of these (his balance never exceeded the £1,950 limit). So, I haven't considered these further. That is because, even if I found the credit limit increases shouldn't have been provided, as Mr T hasn't used the additional funds, there is no detriment to him from the additional lending and so there would be no redress required.

I note Mr T's comments about his bank statements showing gambling transactions but, in this case, I find the checks carried out before the lending was provided were reasonable. Therefore, I do not find that Vanquis was required to request copies of Mr T's bank statements. And as I have nothing to suggest he had told Vanquis about any gambling I do not find that it was aware of this.

I've also considered whether Vanquis acted unfairly or unreasonably in some other way given what Mr T has complained about, including whether its relationship with Mr T might have been unfair under s.140A Consumer Credit Act 1974. However, for the reasons I've

already given, I don't think Vanquis lent irresponsibly to Mr T or otherwise treated him unfairly in relation to this matter. I haven't seen anything to suggest that Section 140A would, given the facts of this complaint, lead to a different outcome here.

In conclusion, I do not find that Vanquis did anything wrong by providing Mr T with a credit card with an initial credit limit of £1,000 and then increasing this to £1,950. As Mr T's balance didn't exceed this limit, I haven't considered the subsequent credit limit increases. Based on this I do not uphold this complaint.

### **My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 3 October 2024.

Jane Archer  
**Ombudsman**