

## **The complaint**

Mr N complains that Vanquis Bank Limited lent to him irresponsibly.

## **What happened**

Mr N applied for a credit card with Vanquis in April 2019. Vanquis approved the application and gave Mr N a credit card with an initial credit limit of £1000. There were no further increases to the credit limit.

Mr N complained that Vanquis had lent irresponsibly.

Vanquis didn't agree. It said it had completed proportionate checks before approving Mr N's application and that the lending was affordable.

Mr N remained unhappy and brought his complaint to this service.

Our investigator didn't uphold the complaint. They said that although they didn't think that Vanquis had carried out reasonable and proportionate checks, proportionate checks wouldn't have made a difference to the lending decision because Vanquis would still, have concluded that there was no information to indicate that the lending was unaffordable.

Mr N didn't agree so I've been asked to review the complaint.

## **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 set out our approach to complaints about irresponsible and unaffordable lending – including the relevant rules, guidance and good industry practice – on our website. I've had this approach in mind when considering Mr N's complaint.

Having done so, I've come to the same conclusion as the investigator. I don't think Vanquis lent irresponsibly. I'll explain why.

Vanquis needed to take reasonable steps to ensure that it didn't lend irresponsibly. In practice this means that it should've carried out reasonable and proportionate checks to make sure that Mr N could afford to repay what was being lent to him in a sustainable manner. These checks could take into account a number of things, such as how much was being lent, the repayment amount, Mr N's borrowing history and his income and expenditure.

Vanquis has provided details of the checks it carried out before it gave Mr N the credit card. I've reviewed these checks to decide whether they were reasonable and proportionate.

Vanquis carried out a credit score and affordability assessment using credit reference agency data. It also used the information it already held about Mr N's income from his application.

Mr N declared annual income of £23,000. The credit checks showed that Mr N held 5 credit card accounts, with total external unsecured debt of around £2500. The credit checks showed no defaults or county court judgments.

Looking at the checks that Vanquis carried out, I don't think they obtained enough information. I appreciate that the credit limit offered was relatively modest at £1000. However, I can't see that Vanquis verified Mr N's income or looked into his expenditure. I think it should've carried out further checks before lending, such as obtaining Mr N's payslips and bank statements.

Because I don't think that Vanquis carried out reasonable and proportionate checks, I've gone on to consider what reasonable and proportionate checks would've shown, had they been carried out. In order to do this, I've reviewed Mr N's bank statements for the three months leading up to the lending decision.

The bank statements show that Mr N's average monthly income for the three month period leading up to the lending decision was £1,304. Mr N's average monthly expenditure for the same period was £868. I've calculated that Mr N's average disposable monthly income for the period was £436.

Based on what I've seen in Mr N's bank statements, his disposable income suggests that the credit card with a credit limit of £1000 was affordable for him. I'm of the view that had Vanquis carried out checks on Mr N's income and expenditure, they would've reached the same conclusion.

I haven't seen any other information to suggest that the lending was unaffordable for Mr N at the time he applied for the credit card. I say this because I've reviewed Mr N's credit record at the time he applied for the card. This shows that Mr N had a good credit rating. I can't see any adverse information which would give cause for concern. There are some missed payments showing on the credit file, however, these occurred after Mr N took the lending from Vanquis.

Taking everything into account, I'm unable to say that Vanquis lent to Mr N irresponsibly, or that the lending decision was unfair.

I've also considered whether Vanquis acted unfairly or unreasonably in some other way, including whether the relationship might have been unfair under Section 140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think Vanquis lent irresponsibly to Mr N or otherwise treated Mr N 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.

### **My final decision**

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 8 November 2024.

Emma Davy  
**Ombudsman**