

The complaint

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

What happened

Mr G applied for a credit card with Vanquis in January 2013. Vanquis approved the application and gave Mr G a credit card with an initial credit limit of £500. The credit limit was increased to £1500 in February 2014, to £2500 in July 2014 and to £3000 in March 2015.

Mr G complained that Vanquis had lent to him irresponsibly.

Vanquis didn't uphold the complaint. It said it had carried out proportionate checks before lending to Mr G and that the lending was affordable.

Mr G remained unhappy and complained to this service.

Our investigator didn't uphold the complaint. She said that although she didn't think Vanquis had carried out reasonable and proportionate checks before lending to Mr G, she hadn't seen any evidence to persuade her that Mr G wasn't likely to be able to sustainably repay what was being lent.

Mr G didn't agree. He said that Vanquis should've carried out more checks before lending to him.

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 G's complaint.

Having done so, I've reached the same conclusion as the investigator. I'll explain why I've reached this decision.

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 G could afford to repay what he was being lent 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 G's borrowing history and his income and expenditure.

Account opening

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

Vanquis carried out a credit check. It also used the information held about Mr G's income

from his application.

The credit check showed that Mr G had one defaulted account with an outstanding balance of around £75,000. This was entered into 59 months prior to the lending.

Mr G declared that he was employed full time and gave his household income as £45,000. Mr G didn't provide details of his personal income.

Because of the length of time which has passed since the lending decisions, I haven't reviewed Mr G's credit file. This is because information about missed payments, defaults and county court judgments only stay on a credit file for 6 years.

I'm only able to look at the information provided by Vanquis which – due to passage of time – is limited.

Based on what I've seen, I don't think Vanquis carried out reasonable and proportionate checks at the account opening stage. I say this because I can't see that Vanquis took any steps to verify Mr G's income. Nor can I see that Vanquis took steps to obtain any information about Mr G's expenditure. So I can't see that Vanquis had any idea what Mr G's monthly disposable income was, which leads into the affordability assessment

Credit limit increases

Vanquis increased the credit limit on Mr G's account three times.

I've looked at the checks that Vanquis carried out before increasing the credit limit to see whether the checks were reasonable and proportionate.

I can see that Vanquis carried out a credit check before each credit limit increase. However, I don't think this check alone was reasonable and proportionate. Vanquis didn't verify Mr G's income or obtain details of his expenditure. I can't see that Vanquis obtained details of what Mr G was already paying for existing unsecured debt. I don't think Vanquis had enough information to carry out an affordability assessment.

Based on what I've seen I don't think the checks were reasonable and proportionate.

What would reasonable and proportionate checks have shown had they been carried out?

I've gone on to consider what reasonable and proportionate checks would've shown had they been carried out. This is so I can decide whether the lending was sustainably affordable for Mr G.

I can't be certain of exactly what further checks Vanquis would've carried out. But a consumers bank account is a good indicator of their general financial position. This service asked Mr G to provide bank statements for the three months leading up to each lending decision.

Mr G hasn't been able to provide bank statements. Nor has he provided any other information to show that he was unable to sustainably repay the lending. In the circumstances, I'm not able to safely reach a conclusion that the lending was unaffordable.

I've gone on to consider whether Vanquis treated Mr G 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 G or otherwise treated him 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 G to accept or reject my decision before 15 November 2024.

Emma Davy
Ombudsman