

The complaint

Miss C complains that Vanquis Bank Limited lent to her irresponsibly.

What happened

Miss C applied for a credit card with Vanquis in March 2023. Vanquis approved the application and gave Miss C a credit card with a limit of £1000.

Miss C complained that Vanquis had lent to her irresponsibly.

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

Miss C remained unhappy and complained to this service.

Our investigator didn't uphold the complaint. He said that Vanquis had carried out reasonable and proportionate checks and that it had made a fair lending decision when it determined that the credit was affordable for Miss C.

Miss C 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 complaint 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 Miss C'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 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 Miss C could afford to repay what she was being lent in a sustainable manner. There are no set checks that a lender has to carry out, but the checks could take into account a number of things such as the amount being lent, the repayment amount, Miss C's borrowing history and her income and expenditure.

Vanquis has provided details of the checks carried out before lending to Miss C. 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 and Office of National Statistics (ONS) data. It also used the information it already held about Miss C from her application. Miss C declared income of £21,000 per year on her application (around £1500 net per month) and housing costs of £100. Using ONS data Vanquis calculated that Miss C had monthly living costs of £842.

The credit check showed no recent defaults and no county court judgments.

Vanquis checked Miss C's other credit commitments and discovered that she had other unsecured borrowing of around £4,100.

Looking at the check that Vanquis carried out, I'm satisfied that these were reasonable and proportionate, taking into account the relatively low credit limit on the card. I haven't seen anything in the information obtained from the checks which would've given Vanquis cause for concern, or that would've necessitated further checks.

I've gone on to consider whether the lending decision was fair, in the light of the information obtained from the checks. In doing so, I've had regard to whether the lending was affordable for Miss C.

I can see that when Vanquis looked at Miss C's income and outgoings, it calculated that she had enough monthly disposable income to sustainably repay the credit. Miss C's other borrowing was within reasonable limits. I can see that Miss C was one month in arrears on one of her external debts around a month prior to applying for the account with Vanquis. I don't think this was a reason for Vanquis not to lend, because there was no pattern of arrears or missed payments and all of Miss C's other accounts were being managed well.

Based on what I've seen, I think it was fair for Vanquis to assess the credit as affordable. This is because Miss C's monthly income was sufficient to meet the monthly repayments on a credit card with a credit limit of £1000, even if all the credit was utilised, and there was nothing in the information obtained from the checks to suggest that Miss C wouldn't be able to sustainably afford to repay the credit.

Taking everything into consideration and for the reasons I've explained, I'm satisfied that the checks were reasonable and proportionate, and that the lending decision was fair.

Finally, I've thought about whether Vanquis treated Miss C unfairly or unreasonably in some other way, given what Miss C has complained about, including whether its relationship with Miss C 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 Miss C 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.

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 Miss C to accept or reject my decision before 4 December 2024.

Emma Davy
Ombudsman