

The complaint

Mr L complains that Vanquis Bank Limited have irresponsibly lent to him.

Mr L 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 Mr L himself.

What happened

Mr L was approved for a Vanquis credit card which was opened in July 2019 with a £1,000 credit limit. I have detailed the credit limit changes below:

February 2019	£1,000 to £2,000
October 2019	£2,000 to £3,000
November 2020	£3,000 to £4,000
August 2021	£4,000 to £5,000

Mr L says that Vanquis irresponsibly lent to him. Mr L made a complaint to Vanquis, but as Vanquis didn't respond to his complaint, he brought his complaint to our service.

Our investigator upheld Mr L's complaint. She said given Mr L's history of lending management and inability to repay, she'd only expect Vanquis to lend to Mr L if there had been evidence that his finances were in good standing, but she couldn't agree this was the case.

Vanquis asked for an ombudsman to review the complaint. They said information from one Credit Reference Agency (CRA) was not available at the time of lending. They said they used a different CRA for the initial lending decision, and the information from the CRA showed no arrears, so they wouldn't have been able to see Mr L was behind on a repayment before the initial lending was agreed.

As my findings differed in some respects from our investigator's, I issued a provisional decision to give both parties the opportunity to consider things further. This is set out below:

"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 Mr L, Vanquis needed to make proportionate checks to determine whether the credit was affordable and sustainable for him. 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 Mr L's application. I'll address the credit limit increases later on. Vanquis said they looked at information provided by a CRA and information that Mr L had provided before approving his application.

The information showed that Mr L had declared a gross salary of £24,000 and he was employed full time. But that's not all Vanquis's data showed. The data also showed that Mr L had outstanding unsecured balances of £14,500. And he also had County Court Judgements (CCJ's) totalling £500.

It may help to explain here that, while information like a CCJ 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 Mr L had on his credit history and still made a decision to lend which, in the circumstances, I think was reasonable.

I say this because the CCJ was registered 48 months ago. So some time had passed since this was registered. Although the outstanding balances were relatively high in comparison to Mr L's declared income, the majority of this was an unsecured personal loan. The CRA reported the monthly repayment of this loan, so Vanquis would be able to see what Mr L was repaying. The credit checks showed that Mr L had no defaults being reported by the CRA they used for the account opening checks.

Vanquis have confirmed there were no arrears on any active accounts Mr L had. The checks showed that Mr L had one credit card. And he wasn't utilising the majority of the credit available to him.

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 Mr L's application.

February 2019 credit limit increase - £1,000 to £2,000

I've looked at the information available to Vanquis when they increased Mr L's credit limit to £2,000. I'll address the other credit limit increases later on. The information showed that Mr L appeared to have managed his Vanquis account well since it was open. There were no late/missed payment or overlimit fees charged. He didn't utilise a lot of his credit limit (the first three months of account opening shows he was utilising less than half of the available credit limit).

When Mr L used more of his credit limit, he still didn't get close to exceeding his credit limit. The repayments Mr L made appeared to be for more than the minimum repayment also. So it didn't appear that Mr L wouldn't be able to sustain or be able to afford an increase to his credit limit.

The data from the CRA (which Vanquis used a different CRA to who they used for the account opening checks) showed that Mr L's total unsecured debt had risen by just over £1,000 since the initial lending decision, but given the initial credit limit of £1,000 of the account, I'm not persuaded that this should have given Vanquis cause for concern, especially based on how Mr L had been using his Vanquis account.

The data from the CRA showed no new defaults or CCJ's, and it had been several months since Mr L had arrears on any of his accounts. So I'm satisfied that the checks Vanquis carried out here, prior to approving the £2,000 credit limit were proportionate and that Vanquis made a fair lending decision to increase the credit limit to £2,000.

October 2019 credit limit increase - £2,000 to £3,000

I've looked at the information available to Vanquis when they increased Mr L's credit limit to £3,000. The information showed that Mr L appeared to have managed his Vanquis account relatively well since the last credit limit increase. There were not any late/missed payments or overlimit fees charged, although he did use more than half of his credit limit, he didn't get close to exceeding his credit limit.

The data from the CRA shows that Mr L's total unsecured debt had fallen by just over £1,000 since the last credit limit increase, which may indicate Mr L was becoming less reliant on credit. But the CRA did report some concerning data which I'm persuaded ought to have prompted Vanquis to carry out further proportionate checks.

I say this because the data from the CRA showed Vanquis that since the last credit limit increase, Mr L had been in arrears by up to three months. When the October 2019 credit limit was increased, he was still in arrears. So as Mr L appeared to be in financial difficulties here by not being able to keep up with his financial commitments, I'm persuaded Vanquis should have completed further proportionate checks here.

There's no set way of how Vanquis should have made further proportionate checks. One of the things they could have done was to contact Mr L to get an understanding of why he couldn't keep up with his financial commitments, and he had fallen three payments behind on an agreement. Or they could have asked for his bank statements as part of a proportionate check to ensure the lending was sustainable and affordable for him.

So I asked Mr L to provide his bank statements for the three months leading up to the October 2019 credit limit increase, which Vanquis could have requested as part of a proportionate check. But Mr L did not provide these by the deadline given, even though I extended the deadline for him.

So on the face of it, it does look like Vanquis should've looked more closely into this. But as my role is impartial, that means I have to be fair to both sides and although I'm satisfied that Vanquis should've done more checks here – I can't say whether further checks would've revealed further information which means they wouldn't have lent. So as Mr L hasn't provided me with his bank statements, that means that it wouldn't be fair for me to say that Vanquis shouldn't have lent here, because I don't know what further checks would reveal.

November 2020 credit limit increase - £3,000 to £4,000

I've looked at the information available to Vanquis when they increased Mr L's credit limit to £4,000. The information showed that Mr L appeared to have managed his Vanquis account relatively well since the last credit limit increase, although I do note he incurred a £3 cash advance fee from a £10 cash withdrawal the month prior to the credit limit increase.

The data from the CRA shows that Mr L's total unsecured debt had increased by over £3,000, and the number of active accounts Mr L held had increased since the last credit limit increase, which may indicate Mr L was becoming more reliant on credit.

Mr L's unsecured debt was a large proportion of what he declared his annual income was originally. So based on all of these factors, I'm persuaded Vanquis should have completed further proportionate checks here.

There's no set way of how Vanquis should have made further proportionate checks. One of the things they could have done was to contact Mr L to get an understanding of why his unsecured debt had increased further, and the purpose of his cash withdrawals since the last credit limit increase. Or they could have asked for his bank statements as part of a

proportionate check to ensure the lending was sustainable and affordable for him.

So I asked Mr L to provide his bank statements for the three months leading up to the November 2020 credit limit increase, which Vanquis could have requested as part of a proportionate check. But Mr L did not provide these by the deadline given, even though I extended the deadline for him.

So on the face of it, it does look like Vanquis should've looked more closely into this. But as my role is impartial, that means I have to be fair to both sides and although I'm satisfied that Vanquis should've done more checks here – I can't say whether further checks would've revealed further information which means they wouldn't have lent. So as Mr L hasn't provided me with his bank statements, that means that it wouldn't be fair for me to say that Vanquis shouldn't have lent here, because I don't know what further checks would reveal.

August 2021 credit limit increase - £4,000 to £5,000

I've looked at the information available to Vanquis when they increased Mr L's credit limit to £5,000. The information showed that Mr L appeared to have managed his Vanquis account relatively well since the last credit limit increase. There were not any late/missed payments or overlimit fees charged.

The data from the CRA shows that Mr L's total unsecured debt had increased by over £2,000, and the number of active accounts Mr L held had increased since the last credit limit increase, which may indicate Mr L was becoming more reliant on credit. Mr L's unsecured debt was now a larger proportion of what he declared his annual income was originally. So I'm persuaded Vanquis should have completed further proportionate checks here.

There's no set way of how Vanquis should have made further proportionate checks. One of the things they could have done was to contact Mr L to get an understanding of why his unsecured debt had increased further, and the purpose of his cash withdrawals since the last credit limit increase. Or they could have asked for his bank statements as part of a proportionate check to ensure the lending was sustainable and affordable for him.

So I asked Mr L to provide his bank statements for the three months leading up to the August 2021 credit limit increase, which Vanquis could have requested as part of a proportionate check. But Mr L did not provide these by the deadline given, even though I extended the deadline for him.

So on the face of it, it does look like Vanquis should've looked more closely into this. But as my role is impartial, that means I have to be fair to both sides and although I'm satisfied that Vanquis should've done more checks here – I can't say whether further checks would've revealed further information which means they wouldn't have lent. So as Mr L hasn't provided me with his bank statements, that means that it wouldn't be fair for me to say that Vanquis shouldn't have lent here, because I don't know what further checks would reveal.

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 can't conclude that Vanquis lent irresponsibly to Mr L 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. So it follows I don't intend to ask Vanquis to do anything further."

I invited both parties to let me have any further submissions before I reached a final decision. Neither party responded to the provisional decision.

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.

As neither party have provided me with any further information to consider, then my decision and reasoning remains the same as in my provisional decision.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 25 November 2024.

Gregory Sloanes
Ombudsman