

## **The complaint**

Miss D complains Vanquis Bank Limited irresponsibly increased her credit limit to £1,000.

## **What happened**

Miss D was approved for a Vanquis credit card with a £250 credit limit. The credit limit was increased to £1,000 in July 2018. Miss D says it was irresponsible for Vanquis to increase the credit limit to £1,000. Miss D made a complaint to Vanquis about the increase to the credit limit (and not the original initial credit limit they approved for her).

Vanquis did not uphold Miss D's complaint. They said prior to the increase being offered, the relevant checks were completed to ensure that a responsible lending decision was being made. They said their searches revealed no new County Court Judgements (CCJ's) or newly defaulted debt. Vanquis said total outstanding external lending (excluding mortgage debt) stood at around £5,358. Miss D brought her complaint to our service.

Our investigator did not uphold Miss D's complaint. She said she hadn't seen anything that was returned from Vanquis' checks that warranted further checks from them. Miss D asked for an ombudsman to review her 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.

As Miss D did not complain to Vanquis about the initial lending decision, I've focused my investigations around the credit limit increase on her account to a £1,000 credit limit.

Before agreeing to increase the credit available to Miss D, Vanquis needed to make proportionate checks to determine whether the credit was affordable and sustainable for her. 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.

Vanquis said they completed a credit check with a Credit Reference Agency (CRA) and they would also have information that Miss D provided them as part of her application in December 2017, such as her declaring a £24,000 gross income, and how she had managed her Vanquis account since opening.

The information available to Vanquis shows that in June 2018, the month prior to the credit limit increase, she incurred an overlimit fee and a late payment fee. So this could be an indication that Miss D was financially struggling close to the time when Vanquis increased her credit limit. But I'm also mindful that this could have been a genuine oversight.

I've reviewed Vanquis' system notes, and there is a note left on 12 June 2018, just after she incurred the fees. The note shows that Miss D told Vanquis she could get back on top of her payments as she just had a lot of expenditure in the last month. So this would suggest that an oversight occurred here as opposed to Miss D financially struggling around this time.

Looking at Miss D's Vanquis statements I can also see that on 2 July 2018 (prior to the credit limit increase) she made a repayment to her Vanquis account for £117.84 and a further repayment of £2.16, to total £120. So as Miss D made a repayment for this value, then it would appear she had the affordability to make repayments for a £1,000 credit limit, and that this would be sustainable.

But that's not all Vanquis' data showed. It showed she hadn't been in arrears on another credit agreement for the prior nine months. The information from the CRA showed that in January 2018 Miss D's active unsecured debt was £6,716, but prior to the credit limit increase in July 2018 her active unsecured debt was £5,358. So this shows that Miss D was able to service her existing credit commitments and reduce her borrowings.

It wouldn't appear that Miss D was hungry for credit or financially struggling as she showed a pattern over a number of months to reduce her borrowings. I also note that while Miss D had nine active accounts in her own name in January 2018, she had closed two of these by the time Vanquis completed their checks prior to the credit limit increase to £1,000. And there were no CCJ's, defaults or active short term loans being reported by the CRA's at the time of the credit limit increase. So I'm persuaded that Vanquis' checks were proportionate here, and they made a fair lending decision to increase the credit limit on the Vanquis account to £1,000.

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 Miss D or otherwise treated her 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 require Vanquis to do anything further.

### **My final decision**

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss D to accept or reject my decision before 24 December 2024.

Gregory Sloanes  
**Ombudsman**