

## **Complaint**

Mr P has complained about a credit limit increase which Vanquis Bank Limited (“Vanquis”) provided to him on a credit card.

He says that he shouldn’t have been offered the limit increase because of his credit score and it was applied to his card without him asking for it.

## **Background**

In June 2022, Vanquis provided Mr P with a credit card which had a limit of £1,200.00. The credit limit on the card was increased to £2,100.00 in April 2023 and Mr P has confirmed that it is the credit limit which he is unhappy about and wants us to look at.

One of our investigators reviewed what Mr P and Vanquis had told us. And she thought Vanquis hadn’t done anything wrong or treated Mr P unfairly in relation to providing the credit limit increase. So she didn’t recommend that Mr P’s complaint be upheld.

Mr P disagreed and asked for an ombudsman to look at the complaint.

## **My findings**

I’ve considered all the available evidence and arguments to decide what’s fair and reasonable in the circumstances of this complaint.

Having carefully considered everything, I’ve decided not to uphold Mr P’s complaint. I’ll explain why in a little more detail.

We’ve explained how we handle complaints about unaffordable and irresponsible lending on our website. And I’ve used this approach to help me decide Mr P’s complaint.

Vanquis needed to make sure it didn’t lend irresponsibly. In practice, what this means is Vanquis needed to carry out proportionate checks to be able to understand whether Mr P could afford to repay any credit it provided.

Our website sets out what we typically think about when deciding whether a lender’s checks were proportionate. Generally, we don’t think that it is necessarily unreasonable for a lender’s checks to be less detailed – in terms of how much information it gathers and what it does to verify it – in the early stages of a lending relationship.

But we might think it needed to do more if, for example, a borrower’s income was low or the amount lent was high. And the longer the lending relationship goes on, the greater the risk of it becoming unsustainable and the borrower experiencing financial difficulty. So we’d expect a lender to be able to show that it didn’t continue to lend to a customer irresponsibly.

Vanquis says it offered to increase Mr P’s credit limit after it reviewed how he had operated his account since it had been opened, carried out a credit search and obtained some further information about his income and expenditure. And the information it obtained indicated that

Mr P would be able to make the monthly repayment required to clear the balance that could be owed within a reasonable period of time.

On the other hand Mr P says that his credit score at the time meant that he shouldn't have been offered the limit increase.

I've considered what the parties have said.

What's important to note is that Mr P was provided with a credit limit increase on a revolving credit facility rather than a loan. And this means that Vanquis was required to understand whether a credit limit of £2,100.00 could be repaid within a reasonable period of time, rather than in one go. A credit limit of £2,100.00 didn't require especially large monthly payments in order to clear the full amount that could be owed within a reasonable period of time.

I've seen records of the information Vanquis had about Mr P's income and what was on the credit search carried out. Vanquis says that Mr P declared a salary of £27,000.00 a year. Furthermore, the credit search showed that Mr P had a low amount of active credit at this stage too. Mr P did have a previous history of payday lending. But it's fair to say that this was historic as the bulk of the loans were taken out in 2018 and the last of them was taken out in 2019.

Furthermore, while I accept that Mr P's repayment record on his Vanquis card was less than pristine – he'd been over the limit some six months prior to the limit increase – he had brought the balance back under control.

I know that Mr P has said he didn't request or apply for the credit limit increase. As I've explained, the credit limit was proactively offered rather than Mr P requesting it, but I note that Vanquis sent a letter informing Mr P that it proposed to increase his credit limit subject to further information being provided on his income and expenditure.

I think it's more likely than not that Mr P responded to confirm this information rather than say he did not want the limit increase. I say this because I've seen a record indicating that Mr P's income and expenditure was updated in April 2023. I can see that as part of this update, £750 was allocated to rent and other living costs and it looks like a further £400 or so was allocated to Mr P's other non-discretionary commitments. When this is deducted from Mr P's salary, it looks like he had sufficient funds left over to be able to repay the extra he could owe as a result of the limit increase within a reasonable period of time.

In these circumstances, while it's fair to say that Mr P did not instigate the credit limit increase, I don't think that it would be accurate to say that he played no part at all in it. Equally, Mr P's likely actions in completing and returning the information and spending the funds, indicate that he accepted it. I would also point out that a lender is entitled to proactively offer a credit limit increase provided it is affordable for a customer. For the reasons I've explained, I think that Vanquis was reasonably entitled to conclude that this limit increase was affordable for Mr P.

I accept that Mr P says his actual circumstances at the time were worse than what the information Vanquis obtained showed. I'm sorry to hear about his difficulties. However, Vanquis didn't know this at the time of making its lending decision and it couldn't be expected to know about any of this either.

It's also not immediately apparent to me that further checks, which at the absolute maximum would have consisted of finding out even more about Mr P's living expenses rather than relying on estimates of this, would, in any event, have led to Vanquis making a different decision.

I say this because the information Mr P has provided now doesn't show me that what he was actually paying towards his living costs was significantly different for the information Vanquis used, or meant that he wouldn't be able to make the payments to this card.

In reaching this conclusion I've also considered whether the lending relationship between Vanquis and Mr P might have been unfair to Mr P under section 140A of the Consumer Credit Act 1974 ("CCA").

However, for the reasons I've explained, I've not been persuaded that Vanquis irresponsibly lent to Mr P or otherwise treated him unfairly in relation to this matter. And I haven't seen anything to suggest that section 140A CCA or anything else would, given the facts of this complaint, lead to a different outcome here.

Overall and having considered everything, while I can understand Mr P's sentiments and I'm sorry to hear about his situation, I don't think that Vanquis treated Mr P unfairly or unreasonably when increasing his credit limit. And I'm not upholding the complaint. I appreciate this will be very disappointing for Mr P. But I hope he'll understand the reasons for my decision and that he'll at least feel his concerns have been listened to.

Although I'm not upholding Mr P's complaint, nonetheless I would like to remind Vanquis of its obligation to exercise forbearance and due consideration, in light of what Mr P has said regarding his current circumstances.

I would also encourage Mr P to get in contact with and co-operate with any steps that may be needed to review what he might be able to repay. For example, completing any income and expenditure forms sent. I don't think that it is unreasonable to expect him to complete and return such documentation to Vanquis so that it can establish what, if anything, he's able to repay going forward.

### **My final decision**

For the reasons I've explained, I'm not upholding Mr P's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 30 December 2024.

Jeshen Narayanan  
**Ombudsman**