

The complaint

Mr B, through his representative, complains that Vanquis Bank Limited lent to him irresponsibly by approving a credit card for him in July 2016 and then increasing the credit limits three times from £500 to £3,500 over the following years.

Mr B, through his representative, also complains that the relationship between him and Vanquis was unfair.

What happened

Mr B's representative complained to Vanquis on his behalf on 13 February 2024. Vanquis responded in May 2024 to say that the complaint was out of time, and it did not consider that the relationship was unfair.

Mr B's representative referred his complaint to the Financial Ombudsman Service. At that point Vanquis gave its consent for the complaint to be investigated by the Financial Ombudsman Service and so I do not need to address any issues surrounding jurisdiction.

One of our investigators considered all the information from both parties including a recorded call between Mr B and his representative has sent to us together with copies of some of Mr B's bank account statements for some of the relevant years. Our investigator's view was that Vanquis had done what was expected of it and so he did not uphold the complaint.

Mr B, through his representative, disagreed and further submissions were sent all of which I have read. The unresolved complaint was passed to me to decide.

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.

Our approach to unaffordable/irresponsible lending - including all the relevant rules, guidance, and good industry practice - is set out on our website and I have followed it here.

Vanquis is required to lend responsibly. It needed to conduct checks to make sure that the credit it was giving to Mr B was affordable and sustainable. Such checks needed to be proportionate to things like the credit limit it offered Mr B, how much she had to repay (including interest and charges) each month, her borrowing history with it and what it knew about his circumstances. But there is no set list of checks it had to do.

This means to reach my conclusion I need to consider if Vanquis carried out proportionate checks at the time Mr B applied for the card and when it applied the credit limit increases; if so, did it make fair lending decisions based on the results of its checks; and if not, what better checks would most likely have shown.

The approach by Vanquis is not just looking at the likelihood of the credit being repaid, but the impact of the repayments on Mr B. There is no set list of checks that it had to do, but it could consider several different things such as the amount of credit being applied for, the

likely monthly repayments and the overall circumstances of the borrower.

Also, I'll consider whether Vanquis acted unfairly towards Mr B in some other way.

Vanquis has provided us with dates and details which are briefly set out in this table.

Date	Event	Credit limit
30 July 2016	Credit card opening	£500
October 2017	Credit limit increase	£2,000
May 2018	Credit limit increase	£3,000
October 2018	Credit limit increase	£3,500

The account closed as Mr B paid it all off in or around August 2020.

Vanquis says Mr B would have been provided with the card having assessed the information he had given it. It also carried out a credit search. And the credit limit increases would have been provided based on how his credit card was being managed. It had access to credit information, which showed his external debt, and some information on his income and existing credit commitment expenditure. It told us:

'All card accounts are reviewed by us on a regular basis to assess eligibility for a credit limit increase. As responsible lenders we carry out a risk assessment of all our customers every month in order to identify cardholders who we consider are able to maintain their payments should they be given an increase. This assessment is carried out through the use of the Credit Scoring process already described.'

I've been sent those records.

In its view, the information obtained indicated that Mr B's existing debts, as well as his Vanquis credit card, were being managed and as such it wasn't unreasonable to have increased the credit limit on the card on the occasions that it did. On the other hand, Mr B says that the limit increases shouldn't have been provided to him. I've considered what the parties have said.

What's important to note is that Mr B was provided with limit increases to a revolving credit facility rather than a loan. And this means that Vanquis was required to understand whether credit limits of £2,000, £3,000, and £3,500 could be repaid within a reasonable period, rather than all in one go.

Credit limits of £2,000, £3,000, and £3,500 didn't require huge monthly payments to clear the full amount owed within a reasonable period. I say this particularly as a reasonable period, in these circumstances, is likely to equate to a reasonable term for equivalent loan sums. And I have used the Financial Conduct Authority (FCA) CONC guide to assist me in coming to these conclusions.

Extracts from these are set out here:

CONC 5.2A.28 G

A Firm must 'have regard to the typical time required for repayment that would apply to a fixed-sum unsecured personal loan for an amount equal to the credit limit. ...'

CONC 6.7.33 G suggests that such a term would usually be between three and four years.

An example is that £3,000 over say an equivalent loan term of say 36 months would equate to around £100 a month including interest. This is a rough calculation. I have kept these FCA guidance paragraphs in mind when considering the complaint.

Original credit card approval in July 2016 – first limit £500

I have listened to the recorded call between Mr B and his representative in which he makes an overall comment. He considered '*the first one*' was affordable by which I consider he's referring to the card approval in July 2016. He did not seem to mind about that. He was more concerned about the credit limit increases.

I have reviewed the information Vanquis obtained from Mr B in 2016 and the information it obtained from a credit search it carried out at the time, but I have done so relatively briefly in light of Mr B's comment.

Mr B applied for the card on-line and '*face to face per DM*' which may indicate that he had personal contact with a Vanquis representative. I have seen what he inputted to the on-line form. He told Vanquis that he was employed in a managerial position and earned £27,000 a year. The form does not ask him to stipulate whether that was before or after tax. He was a tenant and had been at that address three years.

The credit check carried out and sent to us shows that Mr B had no County Court Judgments (CCJs), had no insolvency markers, no defaulted or delinquent accounts and his overall existing other debt was relatively modest at around £1,500. He'd carried out one credit search in the previous six months. The credit limit chosen was £500 which is not high and so I consider that Vanquis carried out reasonable and proportionate checks and made a fair lending decision to approve the card and to fix a relatively modest first limit. There was nothing to prompt Vanquis to consider that additional checks needed to be carried out before approving the card.

Credit limit increases

When Vanquis assessed Mr B for the limit increases, it would have reviewed how he had been running the credit card account up to those dates. I've seen information on all of the transactions Mr B used the card for, charges applied to the account and the payments he made. I've been sent the account notes which record when and why Mr B had contacted Vanquis. And I have the credit search information Vanquis had about Mr B for each of the credit limit increases. In fact, Vanquis seemed to run that search each month for Mr B so it was like a rolling check.

Mr B's external debt for the period he had the card never exceeded £3,856 and for the actual credit limit increase dates (as set out in the table at the beginning of this decision) then the external debt figures were much lower than that and decreasing regularly. Mr B rarely had any external debt missed payments. He had no CCJs, defaults, delinquent, or other insolvency markers on his credit file.

Reviewing the running of the credit card account itself, I see that sometimes there were overdue payments and sometimes overlimit charges. But Vanquis will also have been aware that he paid two lots of £300 on the same date to the card in April 2017, £1,200 to the card in April 2018 and a further £250 a few days later in May 2018, and had been regularly overpaying most months.

I have seen from an account note that when offered the credit limit increase in October 2018 Mr B wanted it applied to the card early. This indicates that he was aware of the credit limit offer, that he wanted it and requested it be applied straight away rather than the usual few

weeks later.

None of these details gives rise to any sort of concern or any indication to Vanquis that Mr B had any financial difficulties such that it would or ought to have been prompted to carry out any additional checks.

I have read our investigator's second view and the submissions made by Mr B's representative. There would have been no reason for Vanquis to have been prompted to ask for or obtain any bank account statements from Mr B. And so this scrutiny would not have arisen as I consider that the information it had about Mr B, within the context of the account management and Mr B's external debt situation up to October 2018 were reasonable and it carried out proportionate checks.

I consider that Vanquis made fair lending decisions for each of these three credit limit increases.

I've also considered whether Vanquis acted unfairly or unreasonably in any other way, and I have 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 don't think it lent irresponsibly to Mr B or otherwise treated him unfairly in relation to this matter. Having reviewed it I do not think that Section 140A would, given the facts of this complaint, lead to a different outcome here.

My final decision

My final decision is that I do not uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 7 March 2025.

Rachael Williams
Ombudsman