

The complaint

Mrs B complains that Vanquis Bank Limited lent to her irresponsibly.

What happened

On 27 March 2015, Mrs B opened a credit card account with Vanquis with an initial £150 credit limit. Over the years, there have been a number of credit limit increases (CLI) as shown below:

Date	Event	Credit limit
27 March 2015	Account opening	£150
1 December 2015	CLI1	£550
1 May 2016	CLI2	£1,250
1 October 2016	CLI3	£2,250
12 March 2022	CLI4	£3,000

On 20 January 2024, Mrs B complained to Vanquis saying she felt Vanquis had *“acted irresponsibly by increasing my limit to £3,000 despite the fact that I wasn’t a high earner...”*. She said she had previously had to rely on a payment plan to make payments and Vanquis was aware that she has a *“history of serious illness”*. At the time of the increase Mrs B said she had short term debt of £9,356.

Mrs B has told us she now has around £17,000 of credit which she can’t afford to pay back and has had to rely on her overdraft and borrow from family and friends. Her mental health has deteriorated, and she is unable to meet the minimum payments to her creditors.

Vanquis looked into Mrs B’s complaint and issued a final response letter. It said that under the complaint handling rules set by the Financial Conduct Authority (FCA), Mrs B had complained too late for her concerns about the account opening and CLI’s 1-3 to be investigated. It did look into CLI4 and said it had made the offer to increase the limit subject to completion of an income and expenditure assessment (I&E). After receiving the I&E from Mrs B it felt the limit was affordable for her and increased the limit. It stood by its decision to lend.

Mrs B was unhappy with Vanquis’ response, so she referred her complaint to our service. One of our investigators looked into it and explained to Vanquis that she felt the complaint had been brought in time which Vanquis accepted. So our investigator considered the whole of Mrs B’s complaint, but she didn’t uphold it. She said she felt the checks carried out by Vanquis were reasonable and proportionate and that it reached fair decisions to lend to Mrs B.

Mrs B didn’t agree with our investigator. She accepted that the account opening and CLI1 were probably reasonable, but didn’t agree with our investigator’s view of CLI’s 2-4. She said, in summary, she was on maternity leave during 2016 and other family circumstances made things more difficult for her. She said that by CLI4, she had a lot of credit elsewhere which she feels ought to have concerned Vanquis.

As there was no agreement, the complaint has been passed to me for a 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.

Mrs B has provided a lot of information and detail, all of which I've read and considered. If I don't refer to some of what she's said, that's not intended as a discourtesy – rather I aim to focus this decision on the crux of the complaint – that is whether or not Vanquis did thorough enough checks and reached fair decisions to lend to her. As Mrs B has accepted that the account opening and CLI 1 were reasonable, I'll not comment further on those, and will instead focus on the later CLI's.

We've set out our approach to complaints about irresponsible and unaffordable lending on our website – including the key relevant rules, guidance, good industry practice and law. I've considered this approach when deciding this complaint.

Vanquis needed to carry out reasonable and proportionate checks to ensure that it didn't lend to Mrs B irresponsibly. I think there are key questions I need to consider in order to decide what is fair and reasonable in the circumstances of this complaint:

- Did Vanquis carry out reasonable and proportionate checks to satisfy itself that Mrs B was in a position to sustainably repay the credit offered?
- Did Vanquis make a fair lending decision?
- Did Vanquis act unfairly or unreasonably towards Mrs B in some other way?

Vanquis had to carry out reasonable and proportionate checks to satisfy itself that Mrs B would be able to repay the credit sustainably. It's not about Vanquis assessing the likelihood of it being repaid, but it had to consider the impact of the repayments on her.

There is no set list of checks that it had to do, but it could take into account several different things such as the amount of the credit, the amount of the monthly repayments and the overall circumstances of the borrower.

Did Vanquis carry out reasonable and proportionate checks from CLI2 onwards? Did it make fair lending decisions?

Mrs B has accepted that the account opening and CLI1 were reasonable, so I'll not discuss those further.

In 2016, Vanquis increased Mrs B's credit limit twice. Each time it conducted a review of her credit report and looked at how she'd managed her account with it. There was no adverse information shown on Mrs B's credit report and no credit elsewhere. Her account was well run, comfortably within limits and paid on time. In the circumstances, I wouldn't expect Vanquis to have felt the need to dig any deeper into Mrs B's financial circumstances, because there were no signs of any financial difficulties and, given she was comfortably within her limit with no borrowing shown elsewhere, she did not appear to be 'credit hungry'.

Mrs B's limit remained unchanged at £2,250 from October 2016 until March 2022. During that period, Mrs B's account was temporarily frozen on a few occasions - when she contacted Vanquis about various health issues. The last freeze came to an end in October 2019, when she confirmed she could afford to make payments. She cleared the balance in full in early 2020.

Mrs B's account continued to be well run and in March 2022, Vanquis offered to increase her limit to £3,000 if she gave it details of her I&E. It also completed a credit check which showed she had around £7,500 credit elsewhere which was up to date. Mrs B provided I&E details which showed she had disposable income of around £300 per month.

I don't think there was anything in the information Vanquis received that ought to have made it look deeper into Mrs B's financial circumstances. It is clear she'd been through a difficult time between 2016 and 2019 and Vanquis had supported her through that. It appeared, from what it could see and the information she provided it in March 2022, that she'd come through that period.

Mrs B has said that Vanquis didn't ask for proof of her income or bank statements when it conducted the I&E assessment. I acknowledge that, but I think in principle, it's reasonable for a business to accept what a customer tells it in good faith, unless there was reason to doubt it. I don't think there was any reason for Vanquis to have doubted the information Mrs B provided – nor does she say it was inaccurate in anyway.

Overall, I think it reached a fair decision to increase her limit on this occasion too.

I appreciate my decision will come as a disappointment to Mrs B and I empathise with the situation she now finds herself in – I understand the debt has now been sold to a third-party debt collector. But I've seen nothing to suggest that Vanquis ought to have done more before offering her the credit it did.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 28 February 2025.

Richard Hale
Ombudsman