

## The complaint

Mr W complains that Vanquis Bank Limited irresponsibly lent to him.

Mr W is represented by a claims management company 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 W himself.

## What happened

Mr W was approved for a Vanquis credit card in April 2014 with a £500 credit limit. I have detailed the credit limit changes below:

October 2014	£500 to £1,000
March 2015	£1,000 to £1,750
September 2015	£1,750 to £2,500
August 2017	£2,500 to £3,500

Mr W says that Vanquis irresponsibly lent to him, and he made a complaint to Vanquis, who did not uphold his complaint. Vanquis said appropriate checks were made which were proportionate to the amount of credit being granted. Mr W brought his complaint to our service.

Our investigator did not uphold Mr W's complaint. She said that Vanquis' checks were proportionate, apart from the last lending decision, but if further checks were made for the last lending decision, then Vanquis would have made a fair lending decision. She said Vanquis weren't irresponsible to lend at each lending decision.

Mr W asked for an ombudsman to review his complaint. He said his external debt had been increasing and he told us about his health issues he had at the time.

## 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.

I'd like to thank Mr W for letting us know about his health issues during the time Vanquis lent to him. I won't go into detail in this decision about what he's told us to help protect his identity, but I can assure him I've read everything he's told us.

Before agreeing to approve or increase the credit available to Mr W, 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 (£500)*

I've looked at what checks Vanquis said they did when initially approving Mr W's application. I'll address the credit limit increases later on. Vanquis said they completed a credit check with a Credit Reference Agency (CRA) and information that Mr W had provided before approving his application.

The information showed that from the CRA Vanquis used, they reported Mr W had no County Court Judgements (CCJ's) or defaults. He had three active accounts, and he had an outstanding balance of £28 on a communications account.

The information showed that Mr W told Vanquis that he was full time employed and that his annual household income was £23,000. But Mr W did not declare what his personal income was. So as Mr W would be the only person responsible for making repayments to the account, I'm not persuaded that Vanquis' checks were proportionate by not knowing how much Mr W earned at the time.

So I'm persuaded it would have been proportionate for Vanquis to contact Mr W to ask him this information. There's no set way of how Vanquis should have carried out further checks here, but it would be proportionate in this instance to just give him a phone call and ask him his annual income.

So I asked Mr W if he could recall what his annual income was in April 2014. Mr W said he earned a gross annual income of £22,500, which wasn't too dissimilar to what he told Vanquis his annual household income was. The new credit limit would have been just over 2% of Mr W's gross annual income.

So I'm persuaded that Vanquis made a fair lending decision to approve Mr W's application, and to provide him with a £500 credit limit.

### *October 2014 credit limit increase - £500 to £1,000*

I've looked at what checks Vanquis said they did when increasing the credit limit to £1,000. The data showed Mr W was paying more than his minimum repayment, and he incurred no overlimit or late fees. But the checks also showed that Mr W had actually previously defaulted on at least one account. This can happen when Vanquis use a different CRA for the account opening checks and another CRA for ongoing checks, and if a lender doesn't report account activity to all of the CRA's.

The data shows that Mr W had £681 of defaulted balances a few months prior to this credit limit increase, however, his defaulted balances increased to £2,096 prior to this credit limit increase, going from one defaulted account to two defaulted accounts.

So based on this, I'm persuaded that Vanquis should have completed further checks to ensure the lending was affordable and sustainable for Mr W. 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 W to ask him about his defaults and how he would be able to make repayments for a higher credit limit. 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 W if he could provide his bank statements prior to this lending decision. But Mr W was unable to obtain these due to the time that's passed. So I'm unable to say what further checks would have shown here.

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 W hasn't been able to provide his bank statements – albeit through no fault of his own, 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.

*March 2015 credit limit increase - £1,000 to £1,750*

I've looked at what checks Vanquis said they did when increasing the credit limit to £1,750. I can see that Mr W's defaulted balances returned to £681, so it could be that the other defaulted added to his credit file was in error, and this was removed from his credit file.

The data also shows that Mr W did not have any late payments, and he didn't exceed his credit limit. His active unsecured debt remained low. So I'm persuaded that Vanquis' checks were proportionate here, and that they made a fair lending decision to increase Mr W's credit limit to £1,750.

*September 2015 credit limit increase - £1,750 to £2,500*

I've looked at what checks Vanquis said they did when increasing the credit limit to £2,500. I can see that Mr W's defaulted balances stayed at £681. The data also shows that Mr W did not have any late payments, and he didn't exceed his credit limit. His active unsecured debt remained low. So I'm persuaded that Vanquis' checks were proportionate here, and that they made a fair lending decision to increase Mr W's credit limit to £2,500.

*August 2017 credit limit increase - £2,500 to £3,500*

I've looked at what checks Vanquis said they did when increasing the credit limit to £3,500. I can see that Mr W's defaulted balances stayed at £681. But his active unsecured debt had risen substantially to over £9,000. So this could indicate Mr W was relying more on credit.

But I noticed that the number of active accounts Mr W held at the last credit limit increase was five. And when Vanquis completed their checks as part of this lending decision he held six active accounts.

So it's probable that this was a one off account Mr W took out as opposed to him opening a number of credit cards or loans, therefore although Vanquis would need to be aware of the sharp increase in his unsecured debt, I'm not persuaded that they should have completed further checks based on this information alone, especially when the data shows that Mr W was making repayments of nearly twice his minimum required payments over the three months prior to this lending decision even though he'd opened a new account.

Since the last credit limit increase Mr W had no overlimit fees, but he did incur a late payment fee, which could indicate he was having financial difficulty. But it also could have been an oversight. The late payment fee was incurred in late 2015, so over a year prior to this lending decision, and it was the only time that Mr W had been late with a payment up to that point.

This does seem to be an oversight as Mr W did not make another late payment prior to the last lending decision to increase his credit limit to £3,500. So I'm persuaded that the checks Vanquis carried out as part of this lending decision were proportionate, and they made a fair lending decision to increase his credit limit to £3,500.

I've considered what Mr W has told us about his health. I've reviewed Vanquis' system notes regarding Mr W, but I haven't been able to identify any notes about Mr W informing them about his health. So I can't fairly say Vanquis would have reasonably been aware of his health issues.

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 W 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 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 Mr W to accept or reject my decision before 6 March 2025.

Gregory Sloanes  
**Ombudsman**