

The complaint

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

What happened

Vanquis provided Mr R with a credit card account in November 2011. Initially, his credit limit was set at £500; Mr R's credit limit was then increased four times in the years that followed, to £1,500 in August 2016, £2,250 and £3,000 in 2017, and finally to £4,000 in December 2018.

Broadly, Mr R says Vanquis's lending decisions eventually put him into a position where he couldn't afford the repayments each month. So, in December 2023, Mr R complained to Vanquis.

Vanquis responded, in March 2024, and said that part of Mr R's complaint had been made too late. It referenced rules which require complaints to be raised within six years of the event being complained about or – if later – within three years from the point that the complainant became aware, or ought reasonably to have become aware, that they had cause for complaint.

With those rules in mind, Vanquis said it would only consider Mr R's complaint about the fourth credit limit increase for £4,000, in December 2018. In response to that point, it didn't think that it had lent to Mr R irresponsibly. In summary, Vanquis explained that it had lent based on information Mr R supplied and what it had gathered from both internal and Credit Reference Agency (CRA) checks.

Mr R remained unhappy, so he brought his complaint to this Service for an independent review. An Investigator here reviewed what had happened and, after doing so, concluded that we didn't have the power to investigate all of Mr R's complaint. She thought that we could only consider the fourth credit limit increase and, having reviewed Mr R's circumstances from the time, she didn't think Vanquis hadn't lent irresponsibly.

While the Investigator did think Vanquis ought to have carried out further checks; she said that, based on what she'd seen, the credit appeared to be affordable for Mr R. So, overall, Vanquis' decision to lend likely would've been the same, even if it had carried out further checks at the time.

Mr R disagreed, and he asked for an Ombudsman's decision. So, as no agreement has been reached, the complaint has been 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.

Having done so, while I know this will disappoint Mr R, I don't find that his complaint should be upheld. I'll explain why.

The rules and regulations, in place at the time Mr R was provided with the credit limit increase to £4,000, required Vanquis to carry out a reasonable and proportionate assessment. That's to determine whether he could afford to repay what he owed in a sustainable manner. This practice is sometimes referred to as an 'affordability assessment' or 'affordability check'.

The checks had to be borrower focussed; that is, relevant to Mr R. So, Vanquis had to think about whether repaying the credit sustainably would cause difficulties, or other adverse consequences, for Mr R. In other words, it wasn't enough for Vanquis to just consider the likelihood of it getting the funds back – it had to consider the impact of any repayments on Mr R.

Checks also had to be 'proportionate' to the specific circumstances of the lending. In general, what constitutes a proportionate affordability check will be dependent on a number of factors including – but not limited to – the particular circumstances of the consumer (e.g.: their financial history, current situation and outlook, any indications of vulnerability or financial difficulty) and the amount/type/cost of credit they were seeking. I've kept all of this in mind when thinking about whether Vanquis did what it needed to before agreeing to lend to Mr R.

At the time of approving this credit limit increase, it appears that Vanquis carried out a credit check and examined how Mr R had been managing his account so far. The results of that review showed Mr R had existing external debt of around £4,500; it had been around 54 months since the last time a default had been registered against him and, finally, it had been around 17 months since a County Court Judgement (CCJ) had been recorded. Alongside that, Vanquis could see that Mr R hadn't shown any general signs of financial difficulty; for example, his repayments were typically for more than the minimum amount required.

With all of that said, though, even if some aspects of what Vanquis found didn't show particular cause for concern, Mr R was utilising over 100% of his available credit. He'd incurred over-limit fees for the preceding two months too, in October and November 2018. Given all of this was occurring so close to the time Vanquis intended to increase his credit limit, I think it ought to have carried out further checks. Even if those checks didn't need to go as far as conducting a full verification of Mr R's financial circumstances, which I don't think they did here, I certainly would've expected Vanquis to obtain details of Mr R's income and essential expenditure. Particularly because Vanquis doesn't appear, from the information available, to have collected any data about his income since he opened the account some seven years prior.

The fact is, of course, that I don't know exactly what Mr R would've told Vanquis had he been asked for income and expenditure details. So, the best way for me to review his overall financial situation at the time is to look at his current account statements and his credit file. Having done so, on balance, I don't think Vanquis' decision to lend would've been different; my view is that it still likely would've lent to Mr R even if it had carried out further checks.

I say that because Mr R's credit file shows there weren't any recent late or missed payments with Vanquis, or externally. The bank statements show Mr R was receiving wages weekly; data from October, November and December 2018 shows an average monthly wage of around £1,850 net. There isn't evidence of payday loans; Mr R's credit check showed he was managing his active credit, with only historic adverse data on the file, and he didn't appear to be spending an alarming amount of his income on credit commitments each month. When Mr R did exceed his credit limit here, he brought it back in-line reasonably

quickly.

Considering all of that, I think if Mr R was asked about his income and committed expenditure, such a check likely would've revealed the lending seemed to be affordable. Overall then, I don't think Vanquis would've had great enough concern to *not* provide him with the credit limit increase.

Mr R has made the argument that he was regularly overdrawn on his current account, and that he was gambling. It's true to say that Mr R's statements do show fairly regular use of his overdraft, and some gambling transactions at the time. But while that's the case, given I wouldn't necessarily expect Vanquis to have conducted full verification of Mr R's circumstances here, I don't think proportionate checks would have revealed this information. Instead, as I've said above, I think proportionate checks would've been to ask Mr R for his income and essential expenditure; that wouldn't have included a review of his bank statements.

The key point to remember here, is that it's only fair and reasonable for me to uphold a complaint in circumstances where I can conclude a lender did something wrong. While I've no doubt Mr R will see things differently, I don't think that Vanquis could have known that the payments to this credit card were – or would become – unaffordable at the time of the lending decision I've studied here; even if it had carried out further checks, it likely still would've reasonably lent. So, in closing, it's for the reasons I've explained that I don't think Vanquis acted unfairly or unreasonably towards Mr R. It follows that I'm not upholding this complaint.

Finally, I've thought about whether considering this complaint more broadly as being about an unfair relationship under Section 140A of the Consumer Credit Act 1974 would lead to a different outcome. But even if it could (and should) reasonably be interpreted in that way, I'm satisfied this wouldn't affect the outcome in this particular case.

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 Mr R to accept or reject my decision before 5 March 2025.

Simon Louth
Ombudsman