

The complaint

Mr J has complained that Vanquis Bank Limited was irresponsible when it offered him a credit card account and later increased his credit limit.

Mr J has brought his complaint via a representative but I will refer to him through for simplicity.

What happened

I don't need to set out the full background to the complaint. This is because the history of the matter is set out in the correspondence between the parties and our service, so there is no need for me to repeat the details here. In addition, our decisions are published, so it's important I don't include any information that might lead to Mr J being identified. So for these reasons, I will instead concentrate on giving a brief summary of the complaint, followed by the reasons for my decision.

In June 2019 Vanquis opened a credit card account with an initial limit of £500. The limit was increased three times after that in October 2019 (£1,000), February 2020 (£2,500) and May 2021 (£3,750). The account was closed in February 2024.

Mr J complained to Vanquis in June 2024 that it had been irresponsible to provide him with credit and to later increase his credit limit. Mr J said that Vanquis didn't carry out an appropriate affordability assessment, either when the card was taken out or on each occasion the limit was increased. He says that Vanquis should have seen that he was having problems with his finances and that the credit would have been unaffordable to him.

In its final response, Vanquis rejected Mr J's complaint, setting out details of the checks it had carried out in line with its regulatory obligations. Mr J wasn't satisfied with this and brought his complaint to our service.

An Investigator looked into the complaint but didn't think it should be upheld. He found that Vanquis had carried out appropriate checks before opening the account and prior to increasing his credit limit, and there was nothing in its checks that should have raised concerns.

The Investigator asked Mr J to provide some further information about his personal and financial circumstances at the time he opened the account, and when the credit limits were increased. However, no response was provided to those questions.

Mr J didn't agree with the Investigator's findings and asked for an Ombudsman to review the complaint. He's provided no new evidence or arguments but has reiterated all his original complaint points.

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've taken into consideration the regulator's rules and guidance on responsible lending (set out in its Consumer Credit handbook – CONC) which lenders such as Vanquis need to abide by. Vanquis is aware of these regulations and our approach to this type of lending is set out on our website. Therefore, I won't refer to the regulations in detail here, but will summarise those which are relevant.

I am also aware that Mr J has failed to provide the further information requested by the Investigator about his circumstances at the time he opened the account, at the time of each increase in the credit limit and in relation to any other matters (financial difficulties, health or vulnerability issues), despite several chasers from the Investigator. Mr J's original complaint was in the form of a generic template, but in the absence of any evidence from him, I am entitled to consider the complaint on the basis of the information on file.

Before entering into a credit agreement or significantly increasing the credit limit Vanquis needed to check that Mr J could afford to repay the credit out of his usual means, within a reasonable period of time, without having to borrow further and without experiencing financial difficulty or other adverse consequences. The checks needed to be proportionate to the nature of the credit, for example the amount offered, and to Mr J's particular circumstances. In addition Vanquis needed to have proper regard to the outcome of its risk assessment in relation to affordability. The overarching requirement was that Vanquis needed to pay due regard to Mr J's interests and treat him fairly.

With all this in mind, I have to consider whether Vanquis carried out reasonable and proportionate checks when it opened the account for Mr J to satisfy itself that he would be able to repay the credit offered within a reasonable period of time. If it didn't do this, what would reasonable and proportionate checks have shown? Was there anything of concern in the checks Vanquis carried out, and did it make fair lending decisions? Did Vanquis treat Mr J unfairly or unreasonably in any other way, including whether the relationship might have been unfair under s.140A Consumer Credit Act 1974 (s.140A CCA)?

At the time of the application Mr J told Vanquis that he was in full-time employment on a salary of just under £26,500. A credit check showed no County Court Judgements (CCJs), and he was not in an Individual Voluntary Arrangement with his creditors, nor had he been declared bankrupt. He had two accounts which showed no arrears in the past six months, one of which was a current account and one hire purchase account with a balance of £9,650. After taking account of Mr J's household expenses, he had disposable income of about £450 per month.

It seems to me that Vanquis carried out a proportionate check when it opened the account. It considered what Mr J said on his application form and checked his credit file. I've reviewed the information Vanquis gathered and I haven't seen anything which suggests that Mr J would have any difficulty meeting his repayments for the level of credit offered (£500) out of his stated income. I also don't think there was anything in the information Vanquis had gathered about Mr J's circumstances that should have led it automatically to decline his application, or prompted it to complete further checks before entering into the agreement.

Bearing in mind there wasn't anything in the information provided by Mr J that was inconsistent or difficult to explain, I don't think that it was unreasonable for Vanquis to rely on what Mr J provided about his income and expenditure during his application. In the circumstances, the information obtained suggested that Mr J could repay a balance of £500 within a reasonable period of time. The checks Vanquis carried out were reasonable and proportionate.

Altogether, considering the information about Mr J's income from the application form, what Vanquis saw on Mr J's credit file, and the amount of credit it was offering, I can't say that Vanquis made an irresponsible or unfair lending decision when it opened the account for Mr J.

In his very detailed letter dated 12 November 2024 the Investigator set out details of the steps Vanquis had taken and the checks it carried out before increasing the credit limits. Because all parties have a copy of that letter, I don't need to repeat all those details here.

I note there wasn't anything in the way of adverse information on Mr J's credit searches, no CCJs or defaults, and his external debt remained low. He was paying in excess of the minimum monthly repayment on his Vanquis account. There was only one missed payment in August 2022, and Mr J had called Vanquis to explain that this was because he'd lost his debit card, which had been cancelled. He was awaiting a new one and so hadn't been able to update his payment information in the Vanquis app. I'm satisfied this wasn't an indication of financial difficulty that ought to have alerted Vanquis to any potential affordability problem that should have led Vanquis to examine the level of credit available to Mr J.

It wasn't until November 2023, when the account first went over its limit, that Vanquis had any concerns about Mr J's ability to pay. At that point, Mr J contacted the bank and said he had vulnerability issues. No additional credit was extended to Mr J after that date.

I'm also mindful that the credit limit increases were offered over a period of two years. Therefore, this isn't a case where I can say that the limit increases themselves ought reasonably to have shown Vanquis was rapidly increasing Mr J's indebtedness, or that the pattern of lending ought to have led Vanquis to conclude that the facility had become demonstrably unsustainable for Mr J either.

In the circumstances, therefore, I'm not persuaded that Vanquis acted irresponsibly or unreasonably when it offered Mr J the facility, or on the occasions when it increased the credit limit on the account.

In reaching my conclusions, I've also considered whether the lending relationship between Vanquis and Mr J might have been unfair to Mr J under s.140A CCA. However, for the reasons I've explained, I've not been persuaded that Vanquis lent irresponsibly to Mr J, or otherwise treated him unfairly. Given this, I haven't seen anything to suggest that s.140A CCA or anything else would, given the facts of this complaint, lead to a different outcome.

My final decision

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

This final decision concludes the Financial Ombudsman Service's review of this complaint. This means that we are unable to consider the complaint any further, nor enter into any discussion about it.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 2 April 2025.

Jan O'Leary
Ombudsman