

## The complaint

With the help of a professional representative (PR), Mr D complains that Vanquis Bank Limited lent to him irresponsibly. For ease, I'll refer to the PR's actions as being those of Mr D.

## What happened

On 15 August 2014, Mr D applied for – and received – a credit card with Vanquis with an initial credit limit of £500 which was increased as follows:

Date	Credit Limit Increase (CLI)	New limit
8 March 2015	CLI1	£1,500
8 October 2015	CLI2	£2,500
8 August 2016	CLI3	£3,500
8 November 2017	CLI4	£4,000

Mr D repaid Vanquis in full in July 2021 and the account was closed the following month.

On 8 February 2024, Mr D complained to Vanquis. He said the card and limit increases had been unaffordable for him and if appropriate checks had been carried out, Vanquis ought to have refused to lend to him. He explained that he had regularly been over the limit and used the card for gambling. As a result, he struggled to pay for essentials and priority bills and had to obtain further lending elsewhere to keep up with repayments. Mr D asked Vanquis to refund all charges and interest levied on the account and add to that statutory interest of 8%.

Vanquis responded to Mr D's complaint saying that it had been brought too late under the complaint handling rules of the Financial Conduct Authority (FCA) as more than six years had passed since the lending decisions had been made. It said Mr D ought to have been aware of his cause for complaint when it had sent him overlimit letters in 2019.

Mr D didn't accept Vanquis' response, so he referred his complaint to our service. One of our investigators looked into it. She felt Mr D's complaint could reasonably be considered as being about his credit relationship with Vanquis being unfair as described in Section 140A of the Consumer Credit Act 1974 (s.140). She said for that reason – as the relationship had continued until the account was closed in 2021 – the complaint had been brought in time.

Our investigator went on to consider the complaint but, due to the time elapsed since the relationship started and decisions on the account were made, information from each side was limited. She felt she didn't have enough information to conclude Vanquis had acted unfairly or that the relationship had been unfair. She didn't uphold the complaint.

Mr D didn't agree with our investigator but didn't say why. Instead, he simply restated his original complaint. 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.

There are time limits for referring a complaint to the Financial Ombudsman Service, and Vanquis thinks this complaint was referred to us too late. As a starting point, our investigator explained why she didn't think we could look at a complaint about the lending decisions that happened more than six years before the complaint was made. But she also explained why it was reasonable to interpret the complaint as being about an unfair relationship as described in s.140, and why this complaint about an allegedly unfair lending relationship had been referred to us in time.

For the avoidance of doubt, I agree with our investigator that I have the power to look at the complaint on this basis. I think this complaint can reasonably be considered as being about an unfair relationship as Mr H says he was regularly paying over limit fees and using the card for gambling, so Vanquis shouldn't have increased his limit. He said the repayments he had to make to Vanquis meant he struggled to meet essential bills. These may have made the relationship unfair as he had to pay more in interest than he could afford and was unable to reduce the debt. I acknowledge Vanquis still doesn't agree we can look at this complaint, but as I don't think it should be upheld, I don't intend to comment on this further.

In deciding what is fair and reasonable I am required to take relevant law into account. Because Mr H's complaint can be reasonably interpreted as being about the fairness of his relationship with Vanquis, relevant law in this case includes s.140A, s.140B and s.140C of the Consumer Credit Act 1974.

S.140A says that a court may make an order under s.140B if it determines that the relationship between the creditor (Vanquis) and the debtor (Mr H), arising out of a credit agreement is unfair to the debtor because of one or more of the following, having regard to all matters it thinks relevant:

- any of the terms of the agreement;
- the way in which the creditor has exercised or enforced any of his rights under the agreement;
- any other thing done or not done by or on behalf of the creditor.

Case law shows that a court assesses whether a relationship is unfair at the date of the hearing, or if the credit relationship ended before then, at the date it ended. That assessment has to be performed having regard to the whole history of the relationship.

S.140B sets out the types of orders a court can make where a credit relationship is found to be unfair – these are wide powers, including reducing the amount owed or requiring a refund, or to do or not do any particular thing.

Given what Mr H has complained about, I need to consider whether Vanquis' decision to lend to him and increase her credit limits, or its later actions, created unfairness in the relationship between him and Vanquis such that it ought to have acted to put right the unfairness – and if so whether it did enough to remove that unfairness.

Mr H's relationship with Vanquis is therefore likely to be unfair if it didn't carry out proportionate affordability checks and doing so would have revealed its lending to be irresponsible or unaffordable, and if it didn't then remove the unfairness this created somehow.

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 Mr H was in a position to sustainably repay the credit?
  - If not, what would reasonable and proportionate checks have shown at the time?
  - Did Vanquis make a fair lending decision?
- Did Vanquis act unfairly or unreasonably towards Mr H in some other way?

Vanquis had to carry out reasonable and proportionate checks to satisfy itself that Mr H 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 him.

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 and length of the credit, the amount of the monthly repayments and the overall circumstances of the borrower.

#### Did Vanquis carry out reasonable and proportionate checks?

Vanquis has provided some details of information it assessed when looking at Mr H's application for the card. It shows Mr H declared a household income of £100,000 a year and was employed full time. His credit file showed he had some credit elsewhere – a hire purchase agreement for just over £20,000, three credit / store cards with limits of £2,400 and balances of £1,300, a mail order account with a £1,000 limit and no balance outstanding, and a current account with a £1,500 overdraft with an overdrawn balance of around £1,400. Mr H was up to date with his accounts and had no defaults or County Court Judgements.

Vanquis was entitled to rely on what Mr H told it in his application unless it had a reason to doubt what he had said. I've seen nothing in the limited information available that makes me think Vanquis had any reason to doubt what Mr H had told it. With that in mind, I think it reached a fair decision to open the card for Mr H and agree a relatively modest £500 credit limit for him.

Following that however, as shown in the table above, Vanquis increased Mr H's credit limit substantially. It has provided details of what it saw on his credit file at the time of each increase, which showed he was continuing to manage his credit elsewhere well and his indebtedness was fairly stable.

But prior to CLI1 (seven months after the account was opened), Mr H had used his account predominantly for gambling transactions and had paid at least two charges for exceeding his credit limit. And Mr H paid over limit charges on a regular basis between May 2016 and August 2017 – while CLI's 3 and 4 were being offered in August 2016 and November 2017 respectively.

I think it would have been prudent for Vanquis to make some further checks such as verifying his income and expenditure to ensure that the card remained affordable for him. As I can't see any evidence that it did so, I don't think it carried out reasonable and proportionate checks before agreeing to increase Mr H's credit limit.

There is no set way for a lender to verify a consumer's income and expenditure, but a good way of doing so is to obtain copies of bank statements for a reasonable period. Our investigator asked Mr H for copies of his bank statements for three months prior to each lending decision to enable her to see what Vanquis might have found had it asked more.

Unfortunately Mr H has been unable to provide any further evidence, so I'm unable to make any assessment of what Vanquis might have found had it done more. I can't fairly conclude that Mr H was unable to sustainably afford the credit limits offered to him. And I can't reasonably conclude that Vanquis reached an unfair decision to lend to him.

Did Vanquis act unfairly or unreasonably towards Mr H in some other way?

I've carefully considered all the evidence provided by each party to the complaint. I've not seen anything which leads me to conclude that Vanquis has treated Mr H unfairly in some other way.

I realise my decision will come as a disappointment to Mr H, but I simply don't have the evidence to allow me to uphold his complaint.

### **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 D to accept or reject my decision before 6 June 2025.

Richard Hale  
**Ombudsman**