

The complaint

Mr D's complaint relates to a credit card he has with Vanquis Bank Limited. He has said that he considers Vanquis was irresponsible when it accepted his application, and later increased his credit limit, as neither were affordable for him.

Mr D is represented in his complaint, but for ease I will refer to all comments as his.

What happened

Mr D's credit card account was opened in June 2018 with a credit limit of £250. When Mr D applied for the credit card, he told Vanquis that he was self-employed with a personal annual income of £25,000. His credit report detailed that he already had two loans, one of which would be repaid with the next monthly instalment and the second would be repaid in less than a year's time. He also had an existing credit card and an overdraft facility on his current account, which gave him total revolving credit of £2,500. Mr D's borrowing amounted to £3,500 at that time. All of these accounts were being maintained satisfactorily. There were no arrears, defaults or CCJs recorded on his credit file at that time.

Vanquis increased Mr D's credit limit in December 2019 to £750. Before it did so, it spoke to Mr D and completed an income and expenditure assessment. This showed that his income was £3,000 per month and that he had outgoings of just under £1,400 each month. Vanquis also assessed his overall credit commitments of just over £9,500 and reviewed his payment history with it. It decided that a higher credit limit was affordable and increased it to £750.

Mr D complained to Vanquis on 17 August 2024. Vanquis responded on 26 August 2024. It said that it had completed appropriate checks before granting and increasing the credit limits, and it was satisfied both were affordable. The complaint was not upheld, so Mr D referred the complaint to this Service.

One of our Investigators considered the complaint, but he did not recommend that it be upheld.

Mr D didn't accept the Investigator's conclusions. He said that his other credit commitments were not sufficiently considered when Vanquis completed its affordability assessment. In addition, he considered that the simple presence of multiple credit lines suggested a dependency on future credit, which should have raised concerns. Mr D also highlighted that him having made payments to a particular social media site could indicate he was:

- potentially financially irresponsible;
- involved in high-risk behaviours;
- in financial distress; and
- poor at managing his finances.

As such, Mr D didn't think the checks Vanquis completed before offering him credit were proportionate and it should have asked for more information before lending to him, and it did not complete appropriate affordability assessments. Mr D asked that the complaint be referred to an Ombudsman.

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.

The Financial Conduct Authority (FCA) sets out in a part of its handbook known as CONC what lenders must do when deciding whether or not to lend to a consumer. In summary, a firm must consider a customer's ability to make repayments under the agreement without having to borrow further to meet those repayments or default on other obligations, and without the repayments having a significant adverse impact on the customer's financial situation.

CONC says a firm must carry out checks which are proportionate to the individual circumstances of each case. What is proportionate will vary with each lending decision and considers things such as (but not limited to): the amount of credit, the size of the repayments, the cost of the credit, the purpose the credit was taken out for and the consumer's circumstances.

If I determine the checks Vanquis completed were proportionate, I then need to decide if Vanquis made a fair lending decision. I also need to consider whether Vanquis treated Mr D fairly overall.

Vanquis asked Mr D for information when he applied to it in 2018, including his income and employment status. It also obtained a full credit report for Mr D in order to establish what his then current credit commitments were and how he had been managing them. Having completed these checks, Vanquis decided that Mr D could afford a credit card with a limit of £250. I think these checks were proportionate, given the credit offered and Mr D's circumstances.

I also think that Vanquis made a fair lending decision in the circumstances too. At the time Mr D had available to him £2,500 of revolving credit over two accounts and both were being managed satisfactorily with no arrears, late payments or defaults. I also note that the two personal loans Mr D had at the time were due to end in the near future, thereby increasing his disposable income by over £200 per month. Overall, I am not persuaded that the information available to Vanquis would have indicated that the modest amount of credit it offered Mr D was unaffordable or there was anything about his circumstances that would have meant the lending should not have gone ahead.

As for the increase to the credit limit in 2019, Vanquis completed further checks at that time. It asked Mr D for updated information about his circumstances and completed an income and expenditure exercise, based on his actual outgoings. Vanquis also looked at Mr D's overall credit commitments and assessed how well he had maintained his account with it. I am satisfied the checks were proportionate to the £500 increase to the credit limit Vanquis was proposing.

As for the lending decision, the income and expenditure exercise showed that Mr D's income had increased and that he had a disposable income that would have given him the capacity to take on the higher credit limit. Mr D had taken on additional credit facilities since taking out the Vanquis credit card the previous year, and there had been a late payment on one of his accounts. However, given it was many months earlier and a one-off event, that would not be sufficient to indicate that Mr D was in any way struggling with his finances.

I have noted what Mr D has said about his use of a particular social media account, and what that use should have indicated to Vanquis. However, having reviewed the information provided, the use he has referred to was over a year after the credit limit increase. As such,

Vanquis could not have considered that short-term pattern of behaviour when it reviewed the credit limit, as it had not happened yet.

Overall, I am not persuaded that Vanquis lent to Mr D irresponsibly or that it treated him unfairly.

I have also considered whether the relationship might have been unfair under Section 140A of the Consumer Credit Act 1974. However, for the reasons I have already given, I don't think Vanquis lent irresponsibly to Mr D 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.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr D to accept or reject my decision before 14 May 2025.

Derry Baxter
Ombudsman