

## **The complaint**

Mr J complains that Vanquis Bank Limited trading as Vanquis Card irresponsibly lent to him.

Mr J is represented by a solicitor's firm 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 J himself.

## **What happened**

Mr J was approved for a Vanquis credit card in July 2018 with a £500 credit limit. Mr J says that Vanquis irresponsibly lent to him. Mr J made a complaint to Vanquis, who said that he complained too late for the merits of his complaint to be considered. He also said that Vanquis didn't recognise his financial difficulty soon enough. Mr J brought his complaint to our service. Vanquis consented to our service reviewing the merits of Mr J's complaint.

Our investigator did not uphold Mr J's complaint. He said that Vanquis made a fair lending decision. He said that a payment plan was in place within three months of the account being opened so he didn't agree that there was a significant delay in Vanquis reacting to Mr J's circumstances.

Mr J asked for an ombudsman to review his complaint. He made a number of points. In summary, he said he was unemployed, and he was reliant on benefits at the time the credit was approved, he said the extent of his existing debt should have been a red flag to Vanquis, and he had an inability to take on new debt. Mr J said the fact he was in financial difficulty so soon after the credit was given to him proves that it was unaffordable from the outset.

## **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.

Firstly, I'm aware that I've only summarised Mr J's complaint points. And I'm not going to respond to every single point made by him. No discourtesy is intended by this. It simply reflects the informal nature of our service as a free alternative to the courts. If there's something I haven't mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point to be able to reach what I think is a fair outcome.

Before agreeing to approve the credit available to Mr J, 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.

Vanquis said they completed a credit check with a Credit Reference Agency (CRA) and information that Mr J had provided before approving his application.

The information showed that Mr J told Vanquis he was retired not unemployed. So it wouldn't be clear why Mr J told Vanquis incorrect information if he wasn't retired. He declared a gross annual income of £12,531.

The checks showed that Mr J had defaulted on accounts in the past. It may help to explain here that, while information like a default on someone's credit file may often mean they're not granted further credit – they don't automatically mean that a lender won't offer borrowing. So I've looked at what other checks Vanquis made to see if they made a fair lending decision.

The data showed that Mr J had no accounts in arrears at the time the CRA completed the checks. And there were no arrears showing on his active accounts for the 12 months prior to the application checks.

Mr J was showing as having active outstanding balances of £1,642. The CRA had reported the monthly repayments on Mr J's active unsecured debt to combine to £155 a month, so Vanquis would have been aware of what he was paying each month for this. The checks from the CRA showed that Mr J had no County Court Judgements (CCJ's).

I've considered what Mr J said about his existing debt should have been a red flag to Vanquis. As his existing active debt was £1,642 at the time of the checks, and if Mr J would have used the full £500 credit limit, then this would result in him having £2,142 of unsecured debt. Based on the income he declared of £12,531, Mr J would have a debt to annual income ratio of around 17%. So I'm not persuaded that this showed Mr J was overindebted.

So based on these factors, it wouldn't have been proportionate for Vanquis to complete any further checks - even if Mr J had financial difficulty previously, as it would appear, based on the information the checks showed, that his financial situation had improved since then.

So I'm persuaded that the checks Vanquis carried out were proportionate for the amount of credit they approved for Mr J, and I'm persuaded they made a fair lending decision to approve his application.

I've considered what Mr J has said about him being in financial difficulty so soon after the credit was given to him that this proved that it was unaffordable from the outset. But I'm not persuaded by this. He was not exceeding or using the majority of credit available to him with other lenders at the time the lending checks were made. He also made a payment to Vanquis of £230 on 24 August 2018, shortly after his account was opened.

The system notes Vanquis provided for Mr J's account shows that in September 2018 Mr J informed them he was dealing with a debt charity, and in October 2018 a payment plan had been arranged with Vanquis. So given that Mr J made a large payment to his account of £230 in August 2018, I'm not persuaded that Vanquis didn't act upon Mr J's financial difficulty in a timely manner.

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 J 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 J to accept or reject my decision before 9 April 2025.

Gregory Sloanes  
**Ombudsman**