

The complaint

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

Mr N is represented by a solicitors 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 N himself.

What happened

Mr N was approved for a Vanquis credit card in July 2016 with a £150 credit limit. I have detailed the credit limit changes below:

February 2017	£150 to £550
January 2018	£550 to £1,250
July 2018	£1,250 to £2,250

Mr N says that Vanquis irresponsibly lent to him, and he made a complaint to Vanquis, who did not uphold his complaint. Vanquis said appropriate checks were made which were proportionate to the amount of credit being granted. Mr N brought his complaint to our service.

Our investigator did not uphold Mr N's complaint. She said that she couldn't conclude that Vanquis made unfair lending decisions. Mr N asked for an ombudsman to review his complaint. In summary he said Vanquis didn't verify his income when the credit limit was increased from £1,250 to £2,250, and his income wasn't steady at the time, therefore Vanquis didn't ensure the lending was affordable for him.

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.

Before agreeing to approve or increase the credit available to Mr N, 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.

Acceptance for the Vanquis credit card

I've looked at what checks Vanquis said they did when initially approving Mr N's application. I'll address the credit limit increases later on. Vanquis said they completed a credit check with a Credit Reference Agency (CRA) and information that Mr N had provided before approving his application.

The information showed that Mr N declared he was employed with an annual income of £18,000. The CRA showed he did not have any active outstanding unsecured debt at the time the checks were completed.

But the checks showed that Mr N had defaulted on an account 64 months prior to the checks. 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.

None of Mr N's active accounts were in arrears when the checks were completed, and the data showed they hadn't been in arrears for the 12 months prior to the initial lending checks. The £150 credit limit was less than 0.9% of his declared gross annual income, therefore I'm not persuaded that this would leave him overindebted. It would not have been proportionate for Vanquis to verify Mr N's income based on what the checks showed here.

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

February 2017 credit limit increase - £150 to £550

I've looked at what checks Vanquis said they did as part of this lending decision. The CRA reported Mr N did not have any active outstanding debt with third party lenders. Vanquis would also have been able to see how Mr N used his Vanquis account since account opening. Mr N incurred no late or overlimit fees on this account since it was opened.

It doesn't appear that any of Mr N's active accounts were in arrears at the time of the checks. Mr N wasn't using all of his available credit at the time of the checks as he was showing as utilising 59% of the credit available to him prior to the credit limit being increased.

I'm not persuaded it would have been proportionate for Vanquis to verify Mr N's income prior to increasing his credit limit here. I say this because it had been less than 12 months since the account was opened, and he had no external active lending at this point, and he hadn't missed any repayments on his Vanquis account. The £550 credit limit would have been around 3% of his originally declared income.

So I'm persuaded that the checks that Vanquis completed were proportionate, and they made a fair lending decision to increase the credit limit here.

January 2018 credit limit increase - £550 to £1,250

I've looked at what checks Vanquis said they did as part of this lending decision. The CRA again reported that Mr N had no active unsecured debt outstanding balances with third party lenders at the time they completed their checks.

No active accounts were in arrears at the time of the checks, and no active accounts had been in arrears for the six months prior to the checks as reported by the CRA Vanquis used. Vanquis would also have been able to see how Mr N used his Vanquis account since the last credit limit increase.

Mr N had not incurred any late payment fees or overlimit fees since the last lending decision. He wasn't utilising all of the credit available to him. But I do think it would have been proportionate for Vanquis to check with Mr N how much he was earning, considering it had

been over 12 months since he originally declared his income to them, and he was generally paying only the minimum repayment prior to this lending decision.

There's no set way of how Vanquis should have made further proportionate checks. One of the things they could have done was to contact Mr N to ask him what his income was, and to ensure he could afford the repayments on his Vanquis account. Or they could have asked for his bank statements as part of a proportionate check to ensure the lending was sustainable and affordable for him.

Mr N has provided his bank statements leading up to this lending decision. The statements show his account appeared to be well run. His statements do not show him entering an arranged overdraft, and he has no returned direct debits. Mr N's balance tends to be in credit by at least three figures for the majority of the statements.

So if Vanquis had asked for Mr N's bank statements as part of a proportionate check, I'm persuaded that they would have still increased Mr N's credit limit, and I'm persuaded that they made a fair lending decision to do so here.

July 2018 credit limit increase - £1,250 to £2,250

I've looked at what checks Vanquis said they did as part of this lending decision. The CRA reported Mr N did not have any active outstanding debt with third party lenders. Mr N once again incurred no late or overlimit fees on his Vanquis account, and there had been none incurred since the account had been opened.

It doesn't appear that any of Mr N's active accounts were in arrears at the time of the checks. Mr N wasn't using all of his available credit at the time of the checks as he was showing as utilising 69% of the credit available to him prior to the credit limit being increased.

I'm not persuaded it would have been proportionate for Vanquis to verify Mr N's income prior to increasing his credit limit here. I say this because it would have been around six months earlier since they should have made further checks as part of the last lending decision. As the account was well run, showed no signs of financial distress, and the income was fairly consistent, then I'm not persuaded it would be proportionate for them to verify his income here.

In addition to this, Mr N was making repayments to the account which were a lot higher than the minimum required repayment. He did this on a consistent basis. For example, in April 2018 he made total repayments of £140.88, in May 2018 he made total repayments of £135.48, and in June 2018 he made total repayments to the account of £281.74. Even the three months before April 2018 he made repayments of at least £100 each month from January – March 2018. So this suggests that Mr N could sustainably afford repayments for a £2,250 credit limit, despite what he said about his income not being stable.

So I'm persuaded that the checks that Vanquis completed were proportionate, and they made a fair lending decision to increase the credit limit here.

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 N 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 N to accept or reject my decision before 16 April 2025.

Gregory Sloanes
Ombudsman