

The complaint

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

Mr G 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 G himself.

What happened

Mr G was approved for a Vanquis credit card in February 2018 with a £1,000 credit limit. I have detailed the credit limit changes below:

May 2018	£1,000 to £2,000
October 2018	£2,000 to £3,000

Mr G 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 G brought his complaint to our service.

Our investigator did not uphold Mr G's complaint. He said that Vanquis made fair lending decisions. Mr G asked for an ombudsman to review his complaint. He made a number of points. In summary, he said the credit increases were excessive, and he was self-employed, therefore his income was unstable. He said the credit card repayments were unaffordable, and Vanquis had not adequately assessed his ability to sustainably repay the debt.

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 G, 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 - initial credit limit (£1,000)

I've looked at what checks Vanquis said they did when initially approving Mr G'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 G had provided before approving his application.

The information showed that Mr G declared he was self-employed, and he declared an annual income of £24,000. Although Mr G has said his income was unstable, I wouldn't

expect Vanquis to discriminate against self-employed borrowers. So I've looked what other checks Vanquis made.

The CRA reported no defaults, CCJ's or payday lending on Mr G's credit file. He was not in arrears on any of his accounts at the time of the checks, and he hadn't had any account in arrears for the previous 12 months, so even if his income wasn't stable, he managed to meet his repayments when they were due.

The checks showed that Mr G had total active unsecured balances of £887. Mr G was not utilising all of the credit limits available to him.

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

May 2018 credit limit increase - £1,000 to £2,000

I've looked at what checks Vanquis said they did as part of this lending decision. The CRA reported that Mr G had active unsecured balances of £3,914 at the time they completed their checks. This was higher than at the account opening checks, but this would have equated to around 16.3% of his declared gross annual salary at the account opening stage. As this lending decision was only three months after the initial lending decision, I'm persuaded that it was proportionate for Vanquis to rely on the income information Mr G provided to them only three months earlier.

Vanquis would also have been able to see how Mr G used his Vanquis account since account opening. Mr G had incurred a late fee, and he had exceeded his credit limit (he wasn't charged for this) since he opened the account. He had also had a number of transactions which incurred a cash transaction fee. So these things could be a sign of financial difficulty, or it could be an oversight on Mr G's behalf.

It does appear to be an oversight. I say this because Mr G had made a repayment the day after the late fee was charged. It appears it was the late fee which caused him to exceed his credit limit. I also need to be mindful that making transactions which are classed as cash are a legitimate use of the account. The transactions Mr G made here, appear to have been when he was overseas/transferring money overseas. So in this context, it doesn't appear that Mr G is reliant on withdrawing cash to meet his day to day expenditure.

Mr G had no further late payments prior to this credit limit increase, and he didn't exceed his credit limit again prior to this credit limit increase. No active accounts were in arrears at the time of the checks, and no active accounts had been in arrears since the Vanquis account had been opened, as reported by the CRA Vanquis used. Mr G had made repayments which were higher than his required minimum repayments at times, which I wouldn't expect him to be able to do if he was financially struggling. Mr G wasn't using all of his available credit at the time of the checks.

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.

October 2018 credit limit increase - £2,000 to £3,000

I've looked at what checks Vanquis said they did as part of this lending decision. The CRA reported that Mr G had active unsecured balances of £4,546 at the time they completed their checks, which wasn't too much higher than at the point of the previous lending checks. I'm persuaded that Vanquis were fair to use the same income information that Mr G had

declared as part of the initial account opening checks as this information was provided in the same calendar year.

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 G used his Vanquis account since the last credit limit increase.

Mr G had not incurred any late payment fees or overlimit fees since the last lending decision. The data also shows that in the three months prior to his credit limit increase he was making higher repayments than the required minimum payment as he made repayments totalling £305 up to 18 October 2022 when the credit limit was increased (£100 in August 2022, £100 in September 2022 and £105 up to 18 October 2022).

So although Mr G has indicated his income was unstable, his repayments leading up to this credit limit increase were consistent. And I wouldn't expect him to be able to make higher repayments if he was struggling financially.

So I'm persuaded that the checks Vanquis completed here were proportionate, and they made a fair lending decision to increase Mr G's 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 G 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 G to accept or reject my decision before 31 March 2025.

Gregory Sloanes
Ombudsman