

## **The complaint**

Ms M complains that Vanquis Bank Limited irresponsibly lent to her.

Ms M 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 Ms M herself.

## **What happened**

Ms M was approved for a Vanquis credit card in February 2020 with a £1,000 credit limit. Ms M says that Vanquis irresponsibly lent to her, and she made a complaint to Vanquis, who did not uphold her complaint. Vanquis said appropriate checks were made which were proportionate to the amount of credit being granted. Ms M brought her complaint to our service.

Our investigator did not uphold Ms M's complaint. He said that Vanquis made a fair lending decision. Ms M asked for an ombudsman to review her complaint. She made a number of points. In summary, she said further scrutiny was needed from Vanquis due to her financial situation and future affordability concerns. She said there were questions surrounding the income and expenditure that Vanquis used for her.

## **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 Ms M's complaint points. And I'm not going to respond to every single point made by her. 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 Ms M, Vanquis needed to make proportionate checks to determine whether the credit was affordable and sustainable for her. 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 Ms M had provided before approving her application. The information showed that Ms M was employed, and she declared a gross annual income of £16,000. The information also showed Ms M had previously defaulted on an agreement with the last default being registered 71 months prior to the application 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.

The checks showed that Ms M had total active unsecured balances of £7,953. While this would equate to nearly half of the gross annual income she declared, this was made up of a hire purchase agreement with an outstanding balance of £7,269, and a loan agreement with an outstanding balance of £684.

Vanquis obtained information from the CRA about how much Ms M was paying on a monthly basis for her credit commitments, and they included this expenditure into their affordability calculation for Ms M.

Although Ms M has highlighted concerns about the income and expenditure used, I'm persuaded that Vanquis were fair to use the income figure Ms M had given them as it would be reasonable for them to expect an applicant to tell Vanquis accurate information. And there is no indication this figure wasn't accurate, as Ms M has not disputed this was her income.

In terms of the expenditure Vanquis used, Vanquis did consider Office for National Statistics (ONS) expenditure for Ms M, which is an acceptable industry standard way of estimating expenditure for a borrower. But they also had information Ms M told them about her housing costs. So Vanquis used a combination of information from Ms M, information from a CRA, and modelling to assess Ms M's expenditure. I'm satisfied that they were fair to do this, and by doing so, they used a higher total expenditure figure than what Ms M had declared on her application.

The checks also showed that Ms M was not in arrears on any of her active accounts when the checks were made, and she hadn't been in arrears on any of her active accounts for the previous 12 months, which would add weight to the income and expenditure being relatively accurate.

So I'm persuaded that the checks Vanquis carried out were proportionate for the amount of credit they approved for Ms M. It would not have been proportionate to make further checks such as requesting bank statements. And I'm persuaded they made a fair lending decision to approve the initial credit limit.

I've considered what Ms M has said about future affordability concerns. But she told Vanquis there were no foreseeable changes to her circumstances. So if Ms M was not aware of any future changes to her circumstances, then based on the checks Vanquis completed, I'm not persuaded that they would have been able to foresee any changes in Ms M's financial circumstances either.

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 Ms M or otherwise treated her 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 Ms M to accept or reject my decision before 1 April 2025.

Gregory Sloanes  
**Ombudsman**