

The complaint

Mrs D complains that Vanquis Bank Limited lent irresponsibly when it approved her credit card application and later increased the credit limit.

What happened

Mrs D applied for a credit card with Vanquis in January 2017. In her application, Mrs D said she was renting her home and employed full time with an income of £21,600 a year. Vanquis carried out a credit search and found Mrs D owed around £1,585 to a credit card company and was making monthly payments of £17 to a communications provider. No recent missed payments, defaults or other adverse information was found on Mrs D's credit file.

Vanquis approved Mrs D's application and issued a credit card with a limit of £500. In January 2018 Vanquis increased the credit limit to £1,500 and in June 2018 it was increased to £2,250. Vanquis says that before each credit limit increase it checked Mrs D's card use and credit file and applied its lending criteria.

Mrs D's credit card fell into arrears and was ultimately closed at default around April 2019.

Last year, representatives acting on Mrs D's behalf complained that Vanquis lent irresponsibly. Vanquis issued a final response but said Mrs D had waited too long to complain.

An investigator at this service looked at Mrs D's complaint. They thought the original decision to approve Mrs D's credit card application was reasonable based on the information Vanquis had available. But the investigator wasn't persuaded Vanquis had carried out proportionate lending checks before approving the credit limit increases. The investigator asked Mrs D to provide bank statements for the months before both credit limit increases so they could get a clearer picture of her circumstances. But Mrs D wasn't able to supply the relevant bank statements. In the absence of further supporting information from Mrs D, the investigator wasn't persuaded Vanquis lent irresponsibly and didn't uphold her complaint. Mrs D asked to appeal, so her complaint has been passed to me to make a decision.

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 lend or increasing the credit limit, the rules say Vanquis had to complete reasonable and proportionate checks to ensure Mrs D could afford to repay the debt in a sustainable way. These affordability checks needed to be focused on the borrower's circumstances. The nature of what's considered reasonable and proportionate will vary depending on various factors like:

- The amount of credit;
- The total sum repayable and the size of regular repayments;
- The duration of the agreement;

- The costs of the credit; and
- The consumer's individual circumstances.

That means there's no set list of checks a lender must complete. But lenders are required to consider the above points when deciding what's reasonable and proportionate. Lenders may choose to verify a borrower's income or obtain a more detailed picture of their circumstances by reviewing bank statements for example. More information about how we consider irresponsible lending complaints can be found on our website.

Vanquis has explained that due to the passage of time, it has only retained limited information about the lending assessments it carried out. But Vanquis has been able to supply a copy of Mrs D's original application along with the credit file information it obtained. I can see Mrs D confirmed she was renting her home and earning £21,600 in addition to other household income that was being received. The credit file results Vanquis got indicated Mrs D was managing her finances well. Mrs D had a credit card with a balance of £1,585 and a communications payment of £17 a month. No other adverse credit, missed payments, recent defaults or adverse information (like County Court Judgements (CCJs)) were found.

Unfortunately, because of the amount of time that's passed, Vanquis hasn't been able to provide the full affordability assessment it carried out. But given Mrs D's credit search results showed she only owed around £1,585 at the time of her application and there was no adverse information found on her credit file, I haven't seen anything that would've indicated to Vanquis she was struggling. I also think it's fair to note the initial credit limit of £500 was reasonably modest. In my view, Vanquis carried out reasonable and proportionate checks when assessing Mrs D's application. And I think the decision to approve Mrs D's credit card based on the information it found was reasonable. I'm sorry to disappoint Mrs D but I haven't been persuaded Vanquis lent irresponsibly when it approved her credit card application in January 2017.

Looking at the credit file information Vanquis has supplied I can see that a CCJ was registered in January 2017, the same month Mrs D applied for her credit card. But information can take several weeks to appear and I'm satisfied the credit file results provided by Vanquis from January 2017 don't include any reference to a CCJ. The CCJ was recorded on Mrs D's credit file when Vanquis increased the credit limit to £1,500 and £2,250. I also note Mrs D incurred late fees in October and November 2017, shortly before the first credit limit increase and another in April 2017, shortly before the second credit limit increase. Whilst no barriers to lending in their own right, my view is the information available to Vanquis ought to have caused it to consider better checks first.

We recently asked Mrs D to provide bank statements for the months before the credit limit increases but they aren't available. So it's not possible for us to now see the full detail of Mrs D's regular income and outgoings. I've considered the credit limit increases based on the information available that is on file. Ultimately, whilst a CCJ was recorded on Mrs D's credit file it was a year before the first credit limit increase and Vanquis was aware of it. Mrs D's credit file shows her other accounts were all well maintained with no missed payments, new defaults or CCJ's recorded. In my view, I haven't seen anything in the information available to Vanquis that indicates Mrs D was experiencing ongoing financial difficulties or struggling during the period it increased her credit limit. I'm sorry to disappoint Mrs D but the information I've seen doesn't support the claim that Vanquis lent irresponsibly. As a result, I haven't been persuaded to uphold Mrs D's complaint.

I've considered whether the business acted unfairly or unreasonably in any other way including whether the relationship might have been unfair under Section 140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think

Vanquis lent irresponsibly to Mrs D or otherwise treated her unfairly. I haven't seen anything to suggest that Section 140A or anything else would, given the facts of this complaint, lead to a different outcome here.

My final decision

My decision is that I don't uphold Mrs D's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs D to accept or reject my decision before 26 March 2025.

Marco Manente
Ombudsman