

The complaint

Mr C complains that Vanquis Bank Limited have irresponsibly lent to him.

What happened

Mr C was approved for a Vanquis credit card in November 2017 with a £250 credit limit. The credit limit was increased to £500 in February 2018, and the credit limit was increased further to £1,250 in June 2018. Mr C says Vanquis irresponsibly lent to him as he had a debt relief order, and they didn't complete proper checks prior to increasing the credit limits. Mr C made a complaint to Vanquis.

Vanquis said they couldn't consider Mr C's complaint about the initial lending decision as this was brought out of time. They did not uphold the complaint for the credit limit increases. Mr C brought his complaint to our service.

An ombudsman at our service ruled that our service can't look into the merits of the initial lending decision, as Mr C had complained too late. An investigator at our service did not uphold Mr C's complaint about the credit limit increases as he couldn't conclude that Vanquis made unfair lending decisions.

Mr C asked for an ombudsman to review his complaint. He mentioned events which occurred in 2020 regarding payment plans, difficulty raising a complaint, and Vanquis not giving him a call in 2020.

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.

As an ombudsman has already made a ruling regarding our service not being able to consider whether the initial lending decision by Vanquis was fair or unfair, then I must make it clear that I'm only able to consider the merits of the credit limit increases after this. The ombudsman in her decision also noted that there were other ways Mr C could have raised a complaint apart from over the phone.

Our investigator has explained to Mr C that Vanquis addressed his complaint regarding a payment plan in a final response letter dated 24 March 2020. If Mr C does not have a copy of this letter then our investigator can forward this to him if he wishes.

In relation to Mr C not getting a call back when he asked Vanquis for this, Mr C will need to raise a separate complaint to Vanquis if he is dissatisfied with the service here. This is because this was not addressed as part of the 2020 final response letter (or his irresponsible lending complaint final response). So Vanquis would need to complete an investigation into what happened here and provide Mr C with a final response for this complaint point.

Before agreeing to increase the credit available to Mr C, 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.

February 2018 credit limit increase - £250 to £500

I've looked at what checks Vanquis said they did as part of this lending decision. Vanquis said they completed a credit check with a Credit Reference Agency (CRA) and they would be able to see how Mr C managed his account since it was opened.

The data showed that Mr C had previously defaulted on credit agreements in the past, with the last default being registered 19 months prior to this lending decision. 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.

Mr C had originally declared a £14,000 annual income. So a £500 credit limit would have equated to around 3.6% of his annual income. The CRA reported that Mr C had no active unsecured debt at the time of these lending checks with other lenders.

The data showed that Mr C had no accounts in arrears at the time the CRA completed the checks, and he hadn't had any arrears on his accounts in 19 months. So it would appear to Vanquis that even though Mr C may have had a debt relief order, he appeared to be managing his active finances well. The checks from the CRA showed that Mr C had no County Court Judgements (CCJ's).

Mr C incurred no late or overlimit fees or late fees on his Vanquis account. He made higher repayments than what he was required to pay, which I wouldn't expect Mr C to be able to do if this was not affordable for him.

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

June 2018 credit limit increase - £500 to £1,250

I've looked at what checks Vanquis said they did as part of this lending decision. The data showed that Mr C had no further defaults since the last lending decision showing on his credit file.

The data showed that Mr C had no accounts in arrears at the time the CRA completed the checks, and he hadn't had any arrears on his accounts in 23 months. Mr C's active external unsecured debt had increased to £397.

Mr C did miss a payment on his Vanquis credit card since the last lending decision. It would appear to Vanquis that this was an oversight as based on Vanquis' system notes Mr C told them he had forgotten to make the payment.

The credit limit increase was two and a half times the current limit. Vanquis did not appear to carry out any income checks as part of their checks here. So based on the increase to the unsecured debt, the missed payment, and the rise in this credit limit, I'm persuaded that it

would have been proportionate for Vanquis to carry out further checks here to ensure the credit limit increase would be affordable and sustainable for Mr C.

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 C to get an understanding of why he had recently increased his external debt, and to ensure he could afford the repayments for a credit limit increase. 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.

Our investigator asked Mr C if he could provide his bank statements leading up to this lending decision. But Mr C was unfortunately unable to obtain his bank statements.

So on the face of it, it does look like Vanquis should've looked more closely into this. But as my role is impartial, that means I have to be fair to both sides and although I'm satisfied that Vanquis should've done more checks here – I can't say whether further checks would've revealed further information which means they wouldn't have lent. So as Mr C has been unable to provide our service with his bank statements, that means that it wouldn't be fair for me to say that Vanquis shouldn't have lent here, because I don't know what further checks would reveal.

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

Gregory Sloanes
Ombudsman