

## The complaint

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

Mr L 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 L himself.

## What happened

Mr L was approved for a Vanquis credit card in July 2012 with a £250 credit limit. I have detailed the credit limit changes below:

December 2012	£250 to £500
May 2013	£500 to £1,500
October 2013	£1,500 to £2,500
March 2014	£2,500 to £3,000

Mr L says that Vanquis irresponsibly lent to him, and he made a complaint to Vanquis, who said he complained too late for them to consider the merits of his complaint. Mr L brought his complaint to our service. Vanquis gave our service their consent for us to consider the merits of Mr L's complaint.

Our investigator did not uphold Mr L's complaint. He said that Vanquis' checks were proportionate. Mr L asked for an ombudsman to review his complaint. In summary he said Vanquis didn't verify his income, his debt increased, and he made gambling transactions with his card.

## 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 L, 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 L'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 L had provided before approving his application.

The information showed that Mr L declared he was employed with an annual household income of £38,000. The CRA showed he had £378 of active unsecured debt at the time the checks were completed.

But the checks showed that Mr L had defaulted on an account 13 months prior to the checks. And there was a County Court Judgement (CCJ)/voluntary arrangements being reported by the CRA, with the last CCJ showing as being registered 16 months prior to the account opening checks.

It may help to explain here that, while information like a default or a CCJ 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 L'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.

But based on Mr L not declaring his own personal income, and only the income of his household, I'm persuaded that it would have been proportionate for Vanquis to have carried out further checks to ensure he could sustainably afford repayments for a £250 credit limit, as none of his other household members would be responsible for making repayments on his Vanquis account.

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 L 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.

So I asked Mr L to provide his bank statements for the three months leading up to the acceptance of the Vanquis account, which Vanquis could have requested as part of a proportionate check. But Mr L did not provide these by the deadline given, even though I extended the deadline for him.

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 L hasn't provided me 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.

#### *December 2012 credit limit increase - £250 to £500*

I've looked at what checks Vanquis said they did as part of this lending decision. The CRA reported Mr L had £400 of active unsecured debt. Vanquis would also have been able to see how Mr L used his Vanquis account since account opening. Mr L incurred no late or overlimit fees on this account since it was opened. It doesn't appear that any of Mr L's active accounts were in arrears at the time of the checks.

While there were two transactions to a gambling company, I'm mindful that this was a legitimate use of the card as this activity was not restricted at the time.

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.

*May 2013 credit limit increase - £500 to £1,500*

I've looked at what checks Vanquis said they did as part of this lending decision. The CRA reported that Mr L had £100 of active unsecured debt with third parties at the time they completed their checks.

Although the checks showed Mr L had partially settled an account since the last lending decision, 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 L used his Vanquis account since the last credit limit increase.

Mr L had not incurred any late payment fees or overlimit fees since the last lending decision. So it wouldn't have been proportionate for Vanquis to have completed further checks such as verifying his income here. There were no payments made to recognisable gambling companies since the last lending decision. 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 2013 credit limit increase - £1,500 to £2,500*

I've looked at what checks Vanquis said they did as part of this lending decision. The CRA reported that Mr L had £1,000 of active unsecured debt 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 L used his Vanquis account since the last credit limit increase.

Mr L had not incurred any late payment fees or overlimit fees since the last lending decision. So it wouldn't have been proportionate for Vanquis to have completed further checks such as verifying his income here. There were no payments made to recognisable gambling companies since the last lending decision. 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.

*March 2014 credit limit increase - £2,500 to £3,000*

I've looked at what checks Vanquis said they did as part of this lending decision. The CRA reported that Mr L had no active unsecured debt with external 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 L used his Vanquis account since the last credit limit increase.

Mr L had not incurred any late payment fees or overlimit fees since the last lending decision. There were three payments made to recognisable gambling companies since the last lending decision. But this was a legitimate use of the card as this activity was not restricted at the time. In addition to this, Mr L often made repayments which would have been a lot higher than his minimum requested payment, which I wouldn't expect him to be able to make higher repayments if he was struggling financially. So it wouldn't have been proportionate for Vanquis to have completed further checks such as verifying his income here.

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 L 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 L to accept or reject my decision before 20 May 2025.

Gregory Sloanes  
**Ombudsman**