

The complaint

Mr M complains Vanquis Bank Limited irresponsibly provided him with an unaffordable credit card account.

Mr M's complaint has been brought by a professional representative, but for ease I'll refer to all submissions as though they are his own.

What happened

Vanquis provided Mr M with a credit card account in December 2019. The original credit limit provided was £1,000 which wasn't increased. Mr M's account was passed to a third party debt collector in 2021.

Mr M complained to Vanquis in September 2024. He said it hadn't completed proportionate checks before providing him with credit limit; because better checks would have identified this credit card limit wasn't affordable for him. Mr M also raised concerns with how Vanquis treated him when he was in financial difficulties.

Vanquis sent Mr M its final response in September 2024 in which it didn't uphold his complaint. It said it completed proportionate checks to the terms of lending being provided, and that it went on to fairly provide Mr M with the credit limit.

Unhappy with Vanquis' response Mr M referred his complaint to our service for review.

Our investigator didn't uphold Mr M's complaint. They considered Vanquis had completed reasonable and proportionate checks before going on to make a fair lending decision, when providing Mr M with this credit limit of £1,000.

Vanquis didn't respond to our investigator's view; Mr M responded and disagreed. In summary he maintained his position that Vanquis hadn't completed proportionate checks based on the information it had obtained, and that more detailed checks would have led to it concluding this limit was unaffordable for him.

Mr M asked for an ombudsman's review, so the complaint has been passed to me to decide.

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.

The information in this case is well known to Mr M and Vanquis, so I don't intend to repeat it in detail here. I've focused my decision on what I consider to be the key points of this complaint; so, while my decision may not cover all the points or touch on all the information that's been provided, I'd like to assure both parties I've carefully reviewed everything available to me. I don't mean to be discourteous to Mr M or Vanquis by taking this approach, but this simply reflects the informal nature of our service.

We've set out our approach to complaints about irresponsible and unaffordable lending as well as the key rules, regulations and what we consider to be good industry practice on our website; and I've seen our investigator made Mr M and Vanquis aware of this approach within their view.

Essentially Vanquis needed to take reasonable steps to ensure the lending it provided Mr M was responsibly lent. The relevant rules, regulations, and guidance in place during Vanquis' lending event required it to carry out proportionate checks. These checks needed to assess Mr M's ability to afford the credit limit being provided and repay it sustainably, without causing him financial difficulties or harm.

There isn't a set list of checks a lender needs to carry out, but they should be proportionate, considering things like the type, amount, duration, and total cost of the credit, as well as the borrower's individual circumstances.

Vanquis obtained Mr M's declared income and used statistical data to reasonably calculate his non-discretionary expenditure. It also completed a credit check to understand Mr M's existing credit commitments, as well as his management of credit. Vanquis considers it completed proportionate checks and went on to make a fair lending decision.

I've carefully considered the information available to me; having done so, I consider Vanquis completed proportionate checks when assessing this application, and went on to make a fair lending decision based on the information it obtained.

I say this because Vanquis obtained Mr M's declared income of around £25,000 per year, which it equated to around £1,750 per month. It took Mr M's declared housing costs of £320 and made allowances for his non-discretionary expenditure and personal expenditure bases on statistical data. It completed a credit check and identified his existing commitments to credit totalled around £210 per month.

Vanquis calculated Mr M would be left with a disposable income of around £500 per month, which it considered was reasonable to sustainably afford repayments to this credit.

The credit check showed Mr M had obtained a hire purchase agreement around 11 months prior to this application, and all but around £230 of his total debt of around £10,150 was made up of this agreement. While Mr M had defaulted on accounts in the past, the most recent was around 12 months ago; and he'd maintained his other credits accounts well since that point.

This was Vanquis' first lending relationship with Mr M, and it was providing him with a relatively modest credit limit of £1,000. Based on this information it obtained from its checks, I don't consider there was anything conflicting, or that ought reasonably to have caused it concern. So, I don't consider it needed to complete more detailed checks than it did.

Based on the affordability assessment Vanquis completed it calculated Mr M would be left with a reasonable level of disposable income, to sustainably afford the repayment of this credit limit. Having reviewed the details, I'm in agreement that Vanquis reached a reasonable conclusion here.

So, it therefore follows I don't consider Vanquis made an unfair lending decision when providing Mr M with this credit limit of £1,000.

I've gone on to consider whether Vanquis has acted unfairly or unreasonably in any other way in relation to this credit agreement.

Mr M appears to have got into difficulty maintaining payment to the account around six months after it was provided. I've seen from the contact notes that Mr M made Vanquis aware his employment status had changed, and that due to the COVID pandemic he wasn't able to maintain contractual monthly payments in line with the agreement. I've seen Vanquis provided forbearance by applying a three month payment break to the account in June 2020; however, Mr M contacted it the following month in July 2020 to say his circumstances had improved, and the payment break could be cancelled.

It appears Mr M maintained payments for a few months but by December 2020 he started to miss the contractual monthly payments again, and after around three months of sustained arrears the account was passed to a third party debt collector, in April 2021.

I've reviewed how Vanquis treated Mr M when it became aware of his financial difficulties, and I've not seen anything to suggest it acted unreasonably in the actions it took, or the support it provided him.

I've also considered whether the relationship might have been unfair under Section 140A of the Consumer Credit Act 1974. However, for the reasons I've set out above, I don't think Vanquis lent irresponsibly to Mr M, or otherwise treated him unfairly in relation to this agreement. 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 therefore follows I'm not upholding Mr M's complaint and Vanquis doesn't need to take any further action in resolution of this complaint.

My final decision

My final decision is that I don't uphold Mr M's complaint about Vanquis Bank Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 17 July 2025.

Richard Turner
Ombudsman