

The complaint

Miss J complains that Vanquis Bank Limited provided her with a credit card account and increased her credit limit which was unaffordable to her. She has also complained that Vanquis has created an unfair relationship under Section 140 of the Consumer Credit Act.

What happened

Miss J took out a credit card account with Vanquis in May 2015 and she was provided with an initial credit limit of £1,000. The credit limit increased to £1,500 in February 2016 and to £2,500 in July 2016.

Miss J subsequently got into difficulties repaying the debt, a final demand was sent to Miss J in November 2019 and the debt later sold to a debt purchaser.

She complained to Vanquis and said that it shouldn't have provided her with the credit or increased her limit. She said that Vanquis failed to carry out the appropriate checks before agreeing to lend to her and the lending was unaffordable and unsustainable. She says she was caused substantial stress in meeting the monthly repayments.

Vanquis responded to Miss J's complaint however it said her complaint had been raised too late. That is more than six years from the date of the events she's complained about, and more than three years from when she ought reasonably to have been aware of a cause to complain.

Unhappy with the response, Miss J referred the matter to this Service. Vanquis provided its business file and consented to this Service considering the merits of the complaint in light of the time limits.

An Investigator looked into what had happened, however they didn't think Miss J's complaint should be upheld. Miss J didn't agree, and so the complaint has been passed to me to decide on the matter.

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.

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. And having done so, I won't be upholding Miss J's complaint.

The rules and regulations in place at the time Miss J was provided with the credit, required Vanquis to carry out a reasonable and proportionate assessment of whether she could afford to repay what she owed in a sustainable manner. This is sometimes referred to as an 'affordability assessment' or 'affordability check'.

The checks had to be 'borrower' focused. This means Vanquis had to think about whether repaying the credit sustainably would cause difficulties or adverse consequences for Miss J. In other words, it wasn't enough for Vanquis to consider the likelihood of it getting the funds back – it had to consider the impact of any repayments on Miss J.

Checks also had to be 'proportionate' to the specific circumstances of the lending. In general, what constitutes a proportionate affordability check will be dependent on a number of factors including – but not limited to – the particular circumstances of the consumer (e.g. their financial history, current situation and outlook, any indications of vulnerability or financial difficulty) and the amount/type/cost of credit they were seeking. I've kept all of this in mind when thinking about whether Vanquis did what it needed to before agreeing to lend to Miss J.

Due to the time that's passed since the lending decisions took place, some of the information available to me is limited. For example, Miss J can't provide her bank statements from the time that Vanquis took the decision to provide her with credit and increase her limit. I note I have received statements from 2017 onwards, but these don't help me understand more about her financial position at the time she took out the credit and when Vanquis increased her credit limit. While this is unfortunate, it isn't surprising given the length of time that's passed. But this does make it difficult for me to know with certainty what Miss J's circumstances were at the time of the lending decisions. And ultimately, I can only order Vanquis to put things right where I'm satisfied it has done something wrong.

Did Vanquis complete reasonable and proportionate checks to satisfy itself that Miss J would be able to repay the agreement in a sustainable way?

Vanquis has shown that at the time Miss J applied for the credit card, she told it she was employed full time and earning £15,500 a year. I can see that Vanquis considered Miss J's existing credit commitments. Its credit check showed that Miss J had nine active accounts with total balances of £17,204 (excluding her mortgage). It doesn't appear that Miss J had any recent negative information being reported about the accounts. However, I have noted that one of her credit cards was over the agreed credit limit at the point Vanquis carried out the check.

In February 2016, when Vanquis increased Miss J's credit limit, it has been able to show that a credit check it completed revealed that Miss J had eight active accounts, with total balances excluding the mortgage being around £17,644 and one account showing as being over the agreed credit limit.

In July 2016, when Vanquis provided Miss J with the final credit limit increase, the information it had obtained from credit checks showed nine active accounts, with total balances of £18,228, again with one account being over the agreed credit limit.

Based on the information Vanquis had about Miss J at account opening and when it increased her credit limit, I'm satisfied that it probably should have carried out further checks to ensure she could afford to sustainably repay the limits provided to her. I say this because Miss J's overall indebtedness at account opening was more than Miss J was earning, and at each lending decision, the information Vanquis had available to it showed that she had one account over the limit which ought to have prompted it to consider a more in-depth affordability check.

What would further checks likely have shown?

Because I've decided that Vanquis should have done more to check that the lending was affordable, I've next gone on to consider what further checks might have shown.

As I've explained, there isn't anything prescriptive in the rules that states what a firm must do to check affordability. But further checks could include something along the lines of an income and expenditure assessment. For me to be able to understand what Vanquis would likely have understood about Miss J's financial position if it had carried out further checks, this Service has asked Miss J if she can provide copies of her bank statements from the time of the lending decisions.

Miss J hasn't provided statements from the time period in question, despite this Service having requested these. I note that she has been able to send statements that start from November 2017, but as these post-date all lending decisions by more than a year, I can't consider these as an accurate reflection of Miss J's financial position at the time of the lending decisions, and so I haven't taken these into account when coming to a decision.

While I understand this will be disappointing for Miss J, without bank statements or further information evidencing her circumstances from the time of the lending decisions, I simply don't have enough information to show that the lending was unaffordable. I accept that some of the information Vanquis already knew about Miss J might have suggested she was using a lot of credit elsewhere and exceeding her credit limit in some instances, but without evidence to support what she's said about her overall financial position, such as bank statements, I can't fairly find that the lending was unaffordable.

In addition to this, the information Vanquis had about how Miss J had managed her Vanquis account leading up to the lending decisions wouldn't likely have given it much cause for concern. I say this because based on the information I've seen, she managed her account well, and on average, made more than the minimum repayments in the months leading up to the lending decisions. So, it would be difficult for me to conclude, based on the information I have seen alone, that the decisions to lend to her were unfair or unreasonable.

Taking all this into consideration, I'm not persuaded the checks Vanquis carried out were enough, however Miss J hasn't provided me with any information to demonstrate that she wouldn't be able to sustainably afford the repayments. So I don't find that Vanquis' lending decisions in this case were unfair or unreasonable.

I have also considered Miss J's complaint about the relationship between her and Vanquis being unfair, however, for the reasons I've already given, I don't think Vanquis lent irresponsibly to Miss J or otherwise treated her unfairly in relation to this matter. 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

For the reasons set out above, I don't uphold Miss J's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss J to accept or reject my decision before 1 July 2025.

Sophie Wilkinson
Ombudsman