

The complaint

Mr W complains that Vanquis Bank Limited lent irresponsibly when it approved his credit card application.

What happened

Mr W applied for a credit card with Vanquis in September 2014. In his application, Mr W said he was self employed with an income of £45,000. Vanquis carried out a credit search and found no evidence of County Court Judgements, defaults or recent arrears. The credit file showed Mr W had a current account but no associated overdraft was recorded. Mr W had no outstanding debts on the credit file Vanquis obtained.

Vanquis applied its lending criteria and approved Mr W's application, issuing a credit card with a limit of £500. There were no credit limit increases. Mr W used the credit card until August 2018 when he repaid the outstanding balance and it was closed. The highest outstanding statement balance throughout the period Mr W's credit card was open was £28.76. There were no missed or late payment fees applied to the account and all payments were made.

Last year, representatives acting on Mr W's behalf complained that Vanquis lent irresponsibly when it approved his credit card application. Vanquis issued a final response and said it had carried out the relevant lending checks before approving Mr W's credit card application. Vanquis didn't agree it lent irresponsibly and didn't uphold Mr W's complaint.

An investigator at this service looked at Mr W's complaint. They thought Vanquis had completed reasonable and proportionate lending checks before approving Mr W's credit card application and that its decision to proceed with a credit limit of £500 was reasonable based on the information it obtained. The investigator didn't agree Vanquis lent irresponsibly to Mr W and didn't uphold his complaint. Mr W's representatives asked to appeal, so his 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, the rules say Vanquis had to complete reasonable and proportionate checks to ensure Mr W 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.

I've looked at the application data Vanquis has retained. Unfortunately, due to the amount of time that's passed since Mr W's application Vanquis hasn't supplied the affordability assessment it used. But I can see we have the details Mr W recorded in his application along with the credit file results Vanquis obtained. I'm satisfied we have enough information to reach a fair decision about whether Vanquis lent irresponsibly or not.

As noted above, Mr W gave an income of £45,000. Vanquis' credit search found Mr W had no outstanding debts with other lenders. I can see Vanquis' final response advised Mr W had debts of around £100, but that's not in the credit file information provided. No adverse credit, defaults or missed payments were found on Mr W's credit file. I haven't seen anything in the credit file information available to Vanquis that would've indicated Mr W was struggling financially.

I think it's reasonable to note the credit limit approved was low at £500 which meant the risk of causing financial harm to Mr W was also lower. Overall, I think the nature and level of lending checks Vanquis completed were reasonable and proportionate to the type and amount of credit it went on to offer Mr W. I haven't found anything that should've led Vanquis to take a different approach to Mr W's application or that persuades me it lent irresponsibly. As a result, I haven't been persuaded to uphold Mr W'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 Mr W or otherwise treated him 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.

I note that in response to the investigator, Mr W's representatives made a number of points including that Vanquis failed to adequately assess Mr W's situation and allowed him to accumulate unsustainable debt. They also said Mr W had other outstanding debts Vanquis didn't factor into its lending assessment. In addition, they made the claim that Vanquis had increased the credit limit on multiple occasions and that Mr W's balance was consistently close the credit limit. Finally, they said Mr W's credit card was ultimately suspended when it became unaffordable. But those points don't reflect the evidence on file.

As noted above, I'm satisfied the affordability assessment is no longer available because of the passage of time, not because Vanquis failed to complete one. I've already set out the credit file results Vanquis obtained above. Mr W's credit limit was approved at £500 and never increased. The highest statement balance on Mr W's Vanquis credit card during the time it remained open was £28.76. All payments were made on time. Mr W's balance of £15.76 was repaid by him in July 2018. Whilst I note the comments made by Mr W's representatives, they don't appear to be reflected by the other information available in his case and haven't persuaded me to uphold his complaint. c

My final decision

My decision is that I don't uphold Mr W's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 14 April 2025.

Marco Manente
Ombudsman