

## **The complaint**

Mr W complains that Vanquis Bank Limited lent irresponsibly when it approved his credit card application and later increased the credit limit.

## **What happened**

Mr W applied for a Vanquis credit card in July 2018. In his application, Mr W said he was employed with an income of £18,000. Vanquis carried out a credit search. No County Court Judgements, defaults or other adverse credit was found and there was no evidence of recent arrears on Mr W's credit file. Vanquis found Mr W owed around £3,100 to other lenders and was making monthly repayments of around £150. Vanquis hasn't retained details of the affordability checks it completed due to the passage of time. Vanquis approved Mr W's application and issued a credit card with a limit of £500.

Vanquis increased the credit limit to £1,000 in March 2019. Vanquis says that before increasing Mr W's credit limit it checked his account use and credit file. Mr W's credit file shows he still owed around £2,500 to other lenders. Vanquis found one of Mr W's accounts had fallen two months into arrears around 6 months before the credit limit increase was approved. Mr W also incurred an overlimit fee in September 2018.

Mr W used the credit card until October 2021 when he repaid the outstanding balance. In the year before Mr W's credit card was repaid he incurred a significant number of charges from Vanquis.

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

An investigator at this service looked at Mr W's complaint. They thought Vanquis completed reasonable and proportionate checks before approving the credit card application and then increasing Mr W's credit limit and didn't think it lent irresponsibly. Mr W's representatives asked to appeal and pointed out his credit file showed he'd missed payments in the six months before the credit limit increase was approved. They also noted Mr W had incurred an overlimit fee on his Vanquis card around the same time. As Mr W's representatives asked to appeal, his complaint has been passed to me to make a decision. I recently asked the investigator to request some additional evidence from Mr W's representatives by way of bank statements for the period before the credit limit increase. No response was received and no bank statements provided.

## **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 or increasing the credit limit, 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 available information from when Mr W first applied to Vanquis in July 2018. Unfortunately, because of the length of time since Mr W first applied to Vanquis it no longer has all of the information it used when assessing affordability. Businesses aren't required to retain documents indefinitely and I'm satisfied we have sufficient information on file to reach a fair decision for Mr W's case.

I think it's fair to note that Mr W's credit file was clear of any adverse credit, defaults or recent missed payments when he applied. I can see Mr W had around £3,100 in existing unsecured debt and it was all up to date with no obvious signs he was struggling. I also think it's reasonable to note the original credit limit was fairly modest at £500, meaning the risk of causing Mr W financial harm was reduced. I'm satisfied that Mr W's income of £18,000 was reasonable and that he would've had sufficient income each month to manage his existing debts, living costs and sustainably make payments to a new credit card with a limit of £500. In my view, the level of checks Vanquis carried out were reasonable and proportionate to the application Mr W made. And I'm satisfied Vanquis' decision to approve the application with a limit of £500 was reasonable based on the information it obtained. I'm sorry to disappoint Mr W but I haven't been persuaded that Vanquis lent irresponsibly.

I think Mr W's representatives make a reasonable point when they say his credit file showed signs he may've been struggling in the months before the credit limit increase. I can see one of Mr W's accounts fell two payments into arrears around September 2018 and that he incurred an overlimit fee with Vanquis around the same time. In addition, Vanquis hasn't supplied copies of the affordability assessment it completed leading up to the credit limit increase to £1,000 in March 2019. I'd have expected that information to be available given the lending decision was made in the six years before Mr W complained. As a result, I requested bank statements for the months before the credit limit increase so I could get a clearer picture of Mr W's circumstances at the time.

As no response was received following our request and no bank statements provided, I've relied on the evidence on file in order to reach a decision about whether Vanquis lent responsibly or not. Whilst I can see Mr W incurred an overlimit fee in September 2018, his account balance was brought in line with the credit limit. And in the months that followed, Mr W's balance wasn't at the credit limit at any point and his payments were made on time. Mr W's missed payments on his credit file were resolved around the same time. So whilst I can see Mr W did have some payment difficulties around September 2018, I'm satisfied that six months later, when the credit limit was increased, his position appeared to have stabilised. In addition, Mr W's other unsecured balances reduced during this period. I also think it's fair to note the increase of £500, taking the credit limit to £1,000, was reasonable modest.

Based on the available evidence, I think the decision to approve Mr W's credit limit increase to £1,000 in March 2019 was reasonable based on the information Vanquis obtained. In my view, the increase in Mr W's credit limit was in line with the information Vanquis found and held on file. I'm sorry to disappoint Mr W but I haven't been persuaded that Vanquis failed to complete reasonable and proportionate lending checks or that its decisions to approve the credit card application in July 2018 and increase the credit limit in March 2019 were irresponsible. As I haven't been persuaded Vanquis lent irresponsibly, I'm unable 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 or otherwise treated Mr W 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.

### **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 20 May 2025.

Marco Manente  
**Ombudsman**