

The complaint

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

What happened

Mr C applied for a credit card with Vanquis in January 2012. In his application, Mr C said he was a homemaker and that there was a household income of £9,312 a year. Vanquis carried out a credit search and found Mr C had a mail order account with a balance of £336 and a current account with an outstanding balance of £430. No missed payments, adverse credit or defaults were found on Mr C's credit file. Vanquis says it applied its lending criteria to Mr C's application and approved a credit card with a limit of £500. There have been no credit limit increases since the application was approved. Mr C has continued to use his credit card and it remained open at the point of referring his complaint to this service.

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

An investigator at this service looked at Mr C's complaint. They thought Vanquis had completed reasonable and proportionate lending checks before approving Mr C's credit card application and didn't uphold his complaint. Mr C's representatives asked to appeal and said that at the time of his application Mr C had two credit cards and two catalogue shopping accounts that weren't factored into the lending checks. They added that the household income of £9,312 would've only left Mr C with £776 a month before deductions which wasn't sufficient to cover reasonable living expenses in addition to his existing debts. As Mr C's representatives asked to appeal 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 C 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.

In this case, there is only limited information available from when Mr C applied for his credit card due to the amount of time that's passed. Businesses aren't required to keep information indefinitely and Vanquis hasn't supplied details of the affordability checks it completed in 2012. That's not the same as saying Vanquis failed to carry out any affordability checks, it's simply confirming that some information no longer remains. With that said, we have details of the application information Mr C submitted and the credit checks Vanquis completed.

I can see Mr C said he was a homemaker and that he used household income, rather than a personal income, in the application. Mr C said there was a household income of £9,312. That means Mr C's household had £776 a month available before any deductions. And as a household income, that means it would've needed to cover both Mr C and his partner's living expenses like food, rent, fuel and existing commitments. I think it's fair to say that was a reasonable modest household income. I recently asked our investigator to request bank statements from Mr C's representatives for the months before Vanquis approved his application. Unfortunately, we didn't get a response. So I've based my decision on the available information.

Whilst I can see Mr C's household income was reasonably modest, he didn't have a lot of other outstanding credit at the time of his application. The open accounts on Mr C's credit file didn't show any missed payments and there was no other adverse information recorded. I also think it's fair to say the credit limit of £500 Vanquis went on to approve was reasonably modest, reducing the risk of causing financial harm to Mr C. Overall, I'm satisfied the checks Vanquis carried out were reasonable when taking the amount and type of credit it approved into account. I'm very sorry to disappoint Mr C but I think the decision to approve his application was fair based on the information Vanquis obtained and haven't been persuaded it lent irresponsibly.

I note that in response to the investigator, Mr C's representatives said he held various other credit cards and accounts with different businesses. But no evidence to support that claim has been provided. And the credit file information Vanquis used in January 2012 didn't include any of the debts listed in Mr C's representative's response. As noted above, I asked for additional evidence to show Mr C's circumstances at the time of his application but no response was received.

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 C 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.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 29 April 2025.

Marco Manente
Ombudsman

