

The complaint

Miss B complains that Vanquis Bank Limited irresponsibly lent to her.

Miss B is represented by a claims management company in bringing this complaint. But for ease of reading, I'll refer to any submission and comments they have made as being made by Miss B herself.

What happened

Miss B was approved for a Vanquis credit card in December 2022 with a £1,000 credit limit. Miss B says that Vanquis irresponsibly lent to her, and she made a complaint to Vanquis, who did not uphold her complaint. Vanquis said appropriate checks were made which were proportionate to the amount of credit being granted. Miss B brought her complaint to our service.

Our investigator did not uphold Miss B's complaint. She said that Vanquis made a fair lending decision. Miss B asked for an ombudsman to review her complaint. She made a number of points. In summary, she said Vanquis should have verified her income and requested proof of it, Vanquis did not complete any detailed analysis of her existing debt including consideration for her existing monthly repayments, and she had historic financial difficulties.

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.

Firstly, I'm aware that I've only summarised Miss B's complaint points. And I'm not going to respond to every single point made by her. No discourtesy is intended by this. It simply reflects the informal nature of our service as a free alternative to the courts. If there's something I haven't mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point to be able to reach what I think is a fair outcome.

Before agreeing to approve the credit available to Miss B, Vanquis needed to make proportionate checks to determine whether the credit was affordable and sustainable for her. There's no prescribed list of checks a lender should make. But the kind of things I expect lenders to consider include - but are not limited to: the type and amount of credit, the borrower's income and credit history, the amount and frequency of repayments, as well as the consumer's personal circumstances. I've listed below what checks Vanquis have done and whether I'm persuaded these checks were proportionate.

Vanquis said they completed a credit check with a Credit Reference Agency (CRA) and they considered information that Miss B had provided before approving her application. The information showed that Miss B declared a gross annual income of £80,000.

The information also showed Miss B had previously defaulted on an agreement with the last default being registered 37 months prior to the application checks. She also had a County

Court Judgement (CCJ) registered on her credit file, with the last one being 51 months prior to the application checks.

It may help to explain here that, while information like a default or a CCJ on someone's credit file may often mean they're not granted further credit – they don't automatically mean that a lender won't offer borrowing. So I've looked at what other checks Vanquis made to see if they made a fair lending decision.

The information from the CRA did show that Miss B was not in arrears on any of her active accounts at the time of the checks, and she hadn't been in arrears on any of her active accounts in the previous 12 months.

Although there was active outstanding unsecured debt balances of £24,544 being reported by the CRA Vanquis used, the majority of this (£19,520) was a personal loan, and Vanquis received information about how much Miss B's repayments were, so they were able to factor this into an affordability assessment they completed for her. And the data from the CRA showed Miss B wasn't exceeding any of her credit limits on her active accounts.

Despite what Miss B has said, Vanquis were able to verify Miss B's income based on information from the CRA. Vanquis also used a mixture of information from Miss B, modelling and a CRA to calculate Miss B's expenditure. While Miss B declared expenditure of £0, Vanquis used the higher outgoings from their calculations. They also built in the monthly credit commitments that the CRA reported Miss B was paying each month into their calculations. They also included her secured debt repayments into the calculations, along with estimated housing costs and living costs. The affordability checks showed that Miss B would be able to sustainably afford the repayments on the £1,000 credit limit.

So based on what all of the checks showed, it wouldn't have been proportionate for Vanquis to complete further checks here, such as requesting Miss B's bank statements prior to this lending decision.

So I'm persuaded that the checks Vanquis carried out were proportionate for the amount of credit they approved for Miss B. And I'm persuaded they made a fair lending decision to approve the initial credit limit of £1,000.

I've also considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I can't conclude that Vanquis lent irresponsibly to Miss B or otherwise treated her unfairly in relation to this matter. 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 follows I don't require Vanquis to do anything further.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 24 April 2025.

Gregory Sloanes
Ombudsman