

The complaint

Mr W complains that Vanquis Bank Limited was irresponsible in its lending to him. He wants all interest and charges he has paid refunded along with statutory interest.

Mr W is represented by a third party but for ease of reference I have referred to Mr W throughout this decision.

What happened

Mr W was provided with a Vanquis credit card account in July 2017 with an initial credit limit of £150. The credit limit was increased to £300 in December 2021. Mr W says that Vanquis didn't carry out adequate checks before lending to him. He said he had several other debts outstanding at the time and this credit placed him under an unmanageable financial burden.

Vanquis issued a final response letter dated 24 April 2024. It said the account had been opened more than six years prior to Mr W's complaint being raised and more than three years after he would have been aware of his cause for complaint. Therefore, it said that the initial lending decision was out of jurisdiction for this service. Regarding the credit limit increase in December 2021, it said that the relevant checks were carried out to ensure the additional lending would be affordable for Mr W.

Mr W referred his complaint to this service. A jurisdiction decision was issued saying that we could consider the whole of this complaint.

Our investigator considered the actions undertaken by Vanquis before the lending decisions were made. She noted that the information available from the time the account was opened was limited but found that given Mr W's relatively high level of external debt that Vanquis should have gathered information about his income and expenditure to ensure the lending would be affordable for him. She requested copies of Mr W's bank statements but these weren't provided and our investigator said she didn't have the evidence to uphold this part of Mr W's complaint.

Regarding the credit limit increase, our investigator thought the checks carried out before this was offered were reasonable. As she didn't think these suggested the additional credit would be unaffordable for Mr W she didn't uphold this complaint.

Mr W didn't agree with our investigator's view. He said that the investigator had accepted that proportionate checks weren't undertaken before the account was opened and noted that he had a high amount of existing debt and a recent history of arrears. He said his financial records showed he was struggling but Vanquis still increased his credit limit.

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.

Our general approach to complaints about unaffordable or irresponsible lending – including

the key rules, guidance and good industry practice – is set out on our website.

The rules don't set out any specific checks which must be completed to assess creditworthiness. But while it is down to the firm to decide what specific checks it wishes to carry out, these should be reasonable and proportionate to the type and amount of credit being provided, the length of the term, the frequency and amount of the repayments, and the total cost of the credit.

Mr W was provided with a credit card account in July 2017 and the credit limit on the account was increased in December 2021. I have considered each of these lending decisions below.

Account opening: July 2017

While I accept that given when the account was opened, the information available from this time might be limited, I can see that Vanquis did ask Mr W about his employment and income. He said he was employed full time with an annual income of £32,000. I haven't seen what evidence was gathered through any credit check undertaken before the account was provided, but Vanquis has provided details of the credit information from the month following this. This showed that Mr W had just under £20,000 of unsecured non-mortgage debt. This is a relatively high level of debt and while his accounts were recorded as up to date it was only three months since a previous arrears had been recorded. Using this as a guide to the information that would have been gathered at the time of the application, I think that it would have been reasonable for Vanquis to have carried out further checks of Mr W's income and expenses to ensure the additional credit was affordable for him.

Our investigator asked for copies of Mr W's bank statements from the time but these haven't been provided. He did provide a copy of his credit report from 2024 and while this didn't contain all of the information that might have been available at the time the account was opened, I don't find that it raises concerns that meant the credit card shouldn't have been provided. Without further evidence to show Mr W's financial circumstances at the time, and noting the size of the initial credit limit compared to his declared income, I do not find I have evidence to say that Vanquis was wrong to open the account for Mr W.

Credit limit increase December 2021

In the months leading up to the credit limit increase, Mr W had generally managed his account well. While he had exceeded his credit limit on one occasion around five months before the limit increase, he had then cleared the account balance. He then spent on the account again and repaid the full balance before the credit limit increase took place. I do not find this account behaviour raised concerns that Mr W was struggling financially.

Before the limit increase was offered checks were carried out. These recorded Mr W as having a monthly income of £4,000 and he said his parents paid his housing costs. A credit check showed he had around £22,400 of non-mortgage debt and while he had a default recorded this was historic (recorded 49 months previously). Mr W was managing his commitments at the time with no arrears recorded. Considering the size of the credit limit increase and the total credit this would provide compared to Mr W's income. And noting that he was managing his credit commitments at the time, I think these checks were reasonable.

As the checks carried out by Vanquis didn't suggest that the additional credit would be unaffordable, I do not find I can say that it was wrong to increase Mr W's credit limit to £300 in December 2021.

I've also considered whether Vanquis acted unfairly or unreasonably in some other way given what Mr W has complained about, including whether its relationship with Mr W might

have been viewed as unfair by a court 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 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.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 15 April 2025.

Jane Archer
Ombudsman