

The complaint

Mrs D complains that Vanquis Bank Limited irresponsibly lent to her.

Mrs D is represented by a solicitors firm in bringing this complaint. But for ease of reading, I'll refer to any submission and comments they have made as being made by Mrs D herself.

What happened

Mrs D was approved for a Vanquis credit card in February 2022 with a £1,000 credit limit. Mrs D 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. Mrs D brought her complaint to our service.

Our investigator did not uphold Mrs D's complaint. He said that Vanquis made a fair lending decision. Mrs D asked for an ombudsman to review her complaint. She said she had a large amount of unsecured debt already at the point Vanquis accepted her application and that her bank statements clearly demonstrated financial struggles as she frequently used her overdraft.

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 approve the credit available to Mrs D, 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 information that Mrs D had provided before approving her application. The information showed that Mrs D declared a gross annual income of £18,000.

The information from the CRA did show that Mrs D had been in arrears on one of her accounts in the previous 12 months, which could be a sign of financial difficulty. But it appears here that the late payment was an oversight from Mrs D.

I say this because she brought the account up to date in the following month. Mrs D had no accounts showing as being in arrears at the point Vanquis completed their initial lending checks, and none of her accounts were showing as being in arrears for the three months prior to the checks.

The CRA reported no defaults or County Court Judgements registered for Mrs D. Although there was active outstanding balances of £9,505 being reported by the CRA Vanquis used, more than half of this debt was across three accounts. Vanquis also received information about how much Mrs D'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 Mrs D wasn't exceeding any of her credit limits.

Vanquis were able to verify Mrs D's income based on information from the CRA. Vanquis also used a mixture of information from Mrs D, modelling and a CRA to calculate Mrs D's expenditure. While Mrs D declared expenditure of £100, Vanquis used the higher outgoings from their calculations. The affordability checks showed that Mrs D 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 Mrs D'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 Mrs D. 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 Mrs D 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 Mrs D to accept or reject my decision before 18 April 2025.

Gregory Sloanes
Ombudsman