

The complaint

Ms W complains that Vanquis Bank Limited irresponsibly lent to her.

Ms W 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 Ms W herself.

What happened

Ms W was approved for a Vanquis credit card in April 2015 with a £500 credit limit. The credit limit was increased to £1,000 in September 2015. The credit limit was further increased to £2,000 in January 2016. Ms W says that Vanquis irresponsibly lent to her, and she made a complaint to Vanquis, who said she brought her complaint too late. Ms W brought her complaint to our service. Vanquis agreed to our service looking into the merits of Ms W's complaint.

Our investigator did not uphold Ms W's complaint. He said that Vanquis made fair lending decisions. Ms W asked for an ombudsman to review her complaint. She made a number of points. In summary, she said she was constantly maxing out her credit card and Vanquis did not request any proof of income or bank statements.

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 or increase the credit available to Ms W, 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.

Acceptance for the Vanquis credit card

Vanquis said they completed a credit check with a Credit Reference Agency (CRA) and they considered information that Ms W had provided before approving her application. The information showed that Ms W declared a gross annual income of £16,000.

The information from the CRA that Vanquis used for the account opening checks showed Ms W had not previously defaulted on any accounts or had any County Court Judgements (CCJ's) showing on her credit file.

The information from the CRA did show that Ms W 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.

The CRA reported that Ms W had no outstanding active unsecured debt at the time of the checks, and while the checks showed she had a £650 overdraft limit, there was no overdrawn balance showing on the account at the time of the checks. The £500 credit limit would have been slightly over 3% of Ms W's declared gross annual income.

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 Ms W's bank statements or payslips 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 Ms W. And I'm persuaded they made a fair lending decision to approve the initial credit limit of £500.

September 2015 credit limit increase - £500 to £1,000

Vanquis again said they completed a credit check with a CRA, and they also would have been able to see how Ms W used her account since it had been opened. Vanquis used a different CRA than the one that they used from the account opening checks.

The information showed Ms W had previously defaulted on an agreement with the last default being registered 12 months prior to these lending decision checks. It also appears she had been subject to an Individual Voluntary Arrangement (IVA).

It may help to explain here that, while information like a default 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 Ms W 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.

But Ms W's active unsecured debt was being reported by the CRA to be £8,323. This would have been over 50% of her originally declared gross annual income. And whereas Ms W was showing as having no unsecured debt at the account opening checks, this was now a substantial increase of unsecured debt at this lending decision, only 4-5 months later.

So due to the increase in unsecured debt and the relatively recent default, I'm persuaded that Vanquis should have made further checks to ensure the credit limit increase would be affordable and sustainable for Ms W.

There's no set way of how Vanquis should have made further proportionate checks. One of the things they could have done was to contact Ms W to ensure that she had enough disposable income to make her repayments, whilst also repaying her external debt. Or they could have asked for her bank statements as part of a proportionate check to ensure the lending was sustainable and affordable for her.

I asked Ms W if she could provide her bank statements leading up to this lending decision. I'd like to thank Ms W for her efforts in trying to get these statements, but due to circumstances out of her control, she has been unable to provide her bank statements leading up to this lending decision.

So on the face of it, it does look like Vanquis should've looked more closely into this. But as my role is impartial, that means I have to be fair to both sides and although I'm satisfied that Vanquis should've done more checks here – I can't say whether further checks would've

revealed further information which means they wouldn't have lent. So as Ms W hasn't provided me with her bank statements (albeit through no fault of her own), that means that it wouldn't be fair for me to say that Vanquis shouldn't have lent here, because I don't know what further checks would reveal.

January 2016 credit limit increase - £1,000 to £2,000

I've looked at what checks Vanquis made as part of this lending decision. Vanquis again used information from a CRA, and they also would have been able to see how Ms W used her account since the last credit limit increase.

The information from the CRA did show that Ms W 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. I did notice she exceeded her limit once on her Vanquis card since the last lending decision, but it appears to have been an oversight as this was the only time Ms W exceeded her credit limit, and she didn't incur a charge for this.

Ms W's active unsecured debt was being reported by the CRA to be £7,749. So this shows that Ms W had been able to reduce her overall active unsecured debt since the last lending decision. Ms W also at times made higher repayments than her minimum required payments to her Vanquis account, and she incurred no late fees since her account had been opened.

So I'm not persuaded that it would have been proportionate for Vanquis to complete further checks for this lending decision, and I'm persuaded that Vanquis made a fair lending decision to increase the credit limit to £2,000.

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 Ms W 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 Ms W to accept or reject my decision before 24 April 2025.

Gregory Sloanes
Ombudsman