

## **The complaint**

In summary, Mr L complains that Vanquis Bank Limited, provided him with a credit card and credit limit increases that he wasn't able to afford. In bringing the complaint, Mr L is represented by a business that I will refer to as P.

## **What happened**

In 2009, Mr L applied for a credit card with Vanquis. It said the application was approved and a credit limit of £500 was provided, which was increased in around September that year to £1,000. In April 2010, Vanquis increased the credit limit to £1,750. It was increased twice in 2012 to £2,250 and then to £3,000. The final limit increase was in June 2017, when the limit was increased to £3,500.

In August 2023, Mr L complained to Vanquis. In its response to Mr L's complaint, Vanquis explained that it didn't think the complaint could be upheld by it, as it had been made out of time.

Vanquis explained to this service that as the lending decisions were over six years old, there was limited information. And it said it considered the complaint to have been made out of time, with the exception of the credit limit increase in June 2017, which it considered to be in jurisdiction.

Mr L's concerns were looked into by one of our investigators. They explained why they thought Mr L's complaint about the other lending was one this service could consider. Vanquis didn't agree, so the case was passed to one of my ombudsman colleagues to decide if the complaint had been made in time. They decided it could be considered by this service, and the case was passed back to the investigator to consider the merits of the complaint.

The investigator issued their assessment in respect of the merits of the complaint. They explained why they didn't think Vanquis had acted unfairly or unreasonably when it provided the credit and limit increases to Mr L.

In response to the view, P explained its affordability concerns and why it didn't think Vanquis had carried sufficient and thorough borrower focussed checks, when it provided the increased credit limits to Mr L. It referred to the level of Mr L's indebtedness in 2010 and 2012, and the delinquent account record in February 2012, which it thought warranted further investigation into Mr L's financial position.

As no agreement could be reached, the case has been passed to me to review. I issued a provisional decision explaining why I didn't think Mr L's complaint should be upheld. No responses were received from either party by the deadline of 28 February 2025.

## **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.

As no further submissions were received in response to my provisional decision, I remain of the opinion that Mr L's complaint shouldn't be upheld. I've set out my reasoning below.

We've set out our approach to considering unaffordable and irresponsible lending complaints on our website - including the key relevant rules, guidance, good industry practice and law. And I've considered this approach when deciding Mr L's complaint.

There are several questions that I've thought about when deciding if Vanquis treated Mr L fairly and reasonably when it provided him with the credit card, and the limit increases.

- 1) Did Vanquis complete reasonable and proportionate checks to satisfy itself that Mr L would be able to repay his credit card in a sustainable way?
- 2) If Vanquis didn't complete reasonable and proportionate checks, what would reasonable and proportionate checks have shown at the time?
- 3) Ultimately, did Vanquis make a fair lending decision?

*Did Vanquis complete reasonable and proportionate checks to satisfy itself that Mr L would be able to repay his credit card in a sustainable way?*

The rules that Vanquis had to follow, required it to carry out checks that would enable it to reasonably assess, whether Mr L could afford to repay the credit card he wanted to take out. This is often referred to as an "*affordability assessment*".

The rules don't set out what specific checks Vanquis needed to carry out, but it did set out that those checks needed to be proportionate to the circumstances of the application. I think what this meant in practice, was that the scope and extent of Vanquis' checks needed to reflect the nature of the lending, bearing in mind things such as the amount of credit, the interest rate, and any indications of customer vulnerability. This isn't an exhaustive list.

The checks Vanquis needed to carry out as part of its affordability assessment, had to be "borrower focussed". What I mean by this, is that the checks needed to consider whether the credit provided, and the monthly repayments, would cause Mr L any difficulties or have any adverse consequences for him.

And as a result of the above, I think reasonable and proportionate checks needed to be more thorough if Mr L had a low income. This would reflect that it could be more difficult for him to make the card repayments with a low income. It would also need to be more thorough the higher the amounts he had to repay, as it would be more difficult to make higher monthly repayments on a given income.

With these principles in mind, I've thought about whether Vanquis completed reasonable and proportionate checks to satisfy itself that Mr L would be able to repay his credit card in a sustainable way.

### **The account opening**

When Mr L opened the account, his recorded annual income was £45,000. The initial credit limit of £500 that Vanquis provided when the account was first opened, was in my opinion, a low credit limit. So, I wouldn't necessarily have expected Vanquis to have carried out extensive checks given the information it had about Mr L's financial circumstances. And from the evidence I've been provided with, I can see that it did carry out checks to verify information about Mr L's financial circumstances. The credit search it carried out indicates no

adverse information. And I think considering Mr L's financial circumstances and the low amount of credit it was offering him, the checks that Vanquis carried out when the account was opened, were reasonable and proportionate in the context of the credit it was proposing to provide to Mr L.

### **First credit limit increase**

Vanquis increased Mr L's credit limit by £500 to £1,000 in around September 2009. I think given the relatively short period of time that had elapsed since the card was taken out, it's not unreasonable to assume that Mr L's income was unlikely to have changed. Vanquis has provided credit file information from the time the increase was provided. This doesn't appear to show any evidence of missed payments or other adverse information. And Mr L's external debt excluding mortgages was recorded as being £11,400. I accept this was a significant amount of debt, but the report showed no missed payments or defaults had been recorded. Mr L appeared to be managing his account and making regular payments.

Considering Mr L's financial circumstances, the relatively small limit increase of £500, and the checks that Vanquis carried out when it increased his credit limit, I think these checks were reasonable and proportionate in the context of the increased lending it was providing to Mr L.

### **Second credit limit increase**

In April 2010 Vanquis increased Mr L's credit limit again by £750 to £1,750. Vanquis has provided credit file information from the time the limit increase was provided. This doesn't appear to show any evidence of missed payments or other adverse information. And Mr L's external debt was recorded at £10,400 excluding mortgages. I accept this was a significant amount of debt, but I note it had reduced slightly since the last credit limit increase. The report indicates to me that Mr L was managing his account, making regular payments with no county court judgements recorded.

Taking into account Mr L's financial circumstances, the relatively small limit increase of £750, and the checks that Vanquis carried out when it increased his credit limit, I think these were reasonable and proportionate in the context of the increased lending it was providing to Mr L.

### **Third credit limit increase**

In February 2012, the credit limit was increased again by another £500 to £2,250. Vanquis has provided credit file information from the time the limit increase was provided. And Mr L's external debt was recorded at £9,200 excluding mortgages. There was also a record of a delinquent account with a value of £3,100.

I don't agree with what the investigator said regarding this. I'm not persuaded in the context of whether the checks were reasonable and proportionate, that the fact that the delinquent account was no longer there at the time of the next credit limit increase; means the checks Vanquis carried out were sufficient. That is with the benefit of hindsight. The amount of the delinquency wasn't an insignificant amount, which I believe should have been a flag for Vanquis to have asked more questions about that, and Mr L's financial circumstances. I don't think therefore the checks for that limit increase were reasonable or proportionate taking into account the information Vanquis had.

#### **Fourth credit limit increase**

In July 2012 Vanquis increased Mr L's credit limit again by £750 to £3,000. Vanquis has provided credit file information from the time the limit increase was provided. This doesn't appear to show any evidence of missed payments or other adverse information. The delinquent account that had been recorded in February was no longer registering on the credit report. And Mr L's external debt was recorded at £9,000 excluding mortgages. I accept this was a significant amount of debt, but I note it had reduced slightly since the last credit limit increase. The report indicates to me that Mr L was managing his account, making regular payments with no county court judgements recorded.

Taking into account the information Vanquis had about Mr L's financial circumstances from the checks it carried out, the relatively small limit increase of £750, I think the checks were reasonable and proportionate in the context of the increased lending it was providing to Mr L.

#### **Fifth credit limit increase**

In July 2012 Vanquis increased Mr L's credit limit again by £500 to £3,500. Vanquis has provided credit file information from the time the limit increase was provided. Again, this doesn't show any evidence of missed payments or other adverse information. Mr L's external debt was recorded at £20,584 excluding mortgages. I accept this was a significant amount of debt. But the report indicates to me that Mr L was managing his account, making regular payments with no county court judgements recorded.

Taking into account the information Vanquis had about Mr L's financial circumstances from the checks it carried out, the relatively small limit increase of £500, I think the checks were reasonable and proportionate in the context of the increased lending it was providing to Mr L.

#### **What would reasonable and proportionate checks have shown in February 2012?**

As I've explained above, I don't think the checks carried out by Vanquis in respect of the third limit increase were reasonable or proportionate. At my request the investigator asked P to obtain from Mr L, his bank statements for several months prior to this limit increase. I asked for this information, as I think they could be indicative of what reasonable and proportionate checks might have shown at that time. P hasn't responded to that request. So, I don't have any information as to what reasonable and proportionate checks might have shown at that time.

#### **Did Vanquis make fair lending decisions?**

As I have summarised above, the checks that Vanquis carried out at the time of the applications recorded no adverse information, with the exception of the third limit increase. The initial lending was for a relatively small amount. And I think the limit provided to Mr L was affordable taking into account the financial information Vanquis had about his circumstances.

The second, fourth and fifth limit increases, did increase the amount of Mr L's overall credit. But the limit increases were relatively small on each occasion. And the credit file information Vanquis obtained doesn't suggest that the increased credit provided to Mr L was unaffordable for him.

In respect of the third limit increase, as I have said, I don't think the checks were reasonable or proportionate. But, without any evidence of what reasonable and proportionate checks

might have shown, I can't safely conclude that the increased credit limit was unaffordable for Mr L. And the information I do have, suggests that it wasn't.

I have considered the points P made in response to the investigators assessment of Mr L's complaint. And I do understand that it considers Mr L shouldn't have been provided with the credit. But I can only assess a complaint based on the available evidence. And as I have explained above, the information provided to me doesn't indicate to me in the particular circumstances of this case, that Mr L's financial circumstances and history at the time the credit and limit increases were applied, meant that Vanquis shouldn't have provided him with the credit.

### **My final decision**

I do understand Mr L will be disappointed, but my decision is to not uphold his complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 1 April 2025.

Simon Dibble  
**Ombudsman**