

The complaint

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

Miss 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 Miss W herself.

What happened

Miss W was approved for a Vanquis credit card in June 2022 with a £1,200 credit limit. Miss W 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 W brought her complaint to our service.

Our investigator did not uphold Miss W's complaint. He said that Vanquis made a fair lending decision. Miss W asked for an ombudsman to review her complaint. She forwarded her bank statements to our service.

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 Miss 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.

Vanquis said they completed a credit check with a Credit Reference Agency (CRA) and information that Miss W had provided before approving her application. The information showed that Miss W declared a net monthly income of £2,000.

The information from the CRA did show that Miss W had been in arrears on three different accounts in the previous 12 months, which could be a sign of financial difficulty. But it appears here that the late payments were an oversight from Miss W.

I say this because she brought the accounts up to date in the following month. Miss W 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 Miss W. Although there was active unsecured debt of £11,393 being reported by the CRA's, almost half of this

amount (£5,078) was for a hire purchase agreement, which the CRA was able to report the monthly repayment to Vanquis.

Vanquis also used a mixture of information from Miss W, modelling and a CRA to calculate Miss W's expenditure. While Miss W declared expenditure of £800, Vanquis used the higher outgoings from their calculations, and they included a £153 a month buffer in the calculations. The affordability checks showed that Miss W would be able to sustainably afford the repayments on the £1,200 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 W'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 W. And I'm persuaded they made a fair lending decision to approve the initial credit limit of £1,200.

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 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 Miss W to accept or reject my decision before 17 April 2025.

Gregory Sloanes
Ombudsman