

## **Complaint**

Mr M has complained about a credit card Vanquis Bank Limited (“Vanquis”) provided to him.

He says that he shouldn’t have been given the credit card and that it was irresponsibly provided to him.

## **Background**

In December 2011, Vanquis provided Mr M with a credit card which had a limit of £500. Mr M wasn’t provided with any credit limit increases.

One of our investigators reviewed what Mr M and Vanquis had told us. And he thought Vanquis hadn’t done anything wrong or treated Mr M unfairly in relation to providing the credit card.

So she didn’t recommend that Mr M’s complaint be upheld. Mr M disagreed and asked for an ombudsman to look at the complaint.

## **My findings**

I’ve considered all the available evidence and arguments to decide what’s fair and reasonable in the circumstances of this complaint.

Having carefully considered everything, I’ve decided not to uphold Mr M’s complaint. I’ll explain why in a little more detail.

We’ve explained how we handle complaints about unaffordable and irresponsible lending on our website. And I’ve used this approach to help me decide Mr M’s complaint.

Vanquis needed to make sure it didn’t lend irresponsibly. In practice, what this means is Vanquis needed to carry out proportionate checks to be able to understand whether Mr M could afford to repay any credit it provided.

Our website sets out what we typically think about when deciding whether a lender’s checks were proportionate. Generally, we don’t think that it is necessarily unreasonable for a lender’s checks to be less detailed – in terms of how much information it gathers and what it does to verify it – in the early stages of a lending relationship.

But we might think it needed to do more if, for example, a borrower’s income was low or the amount lent was high. And the longer the lending relationship goes on, the greater the risk of it becoming unsustainable and the borrower experiencing financial difficulty. So we’d expect a lender to be able to show that it didn’t continue to lend to a customer irresponsibly.

Vanquis says it agreed to Mr M’s application after it obtained information on his income and carried out a credit search. And the information obtained indicated that Mr M would be able to make the low monthly repayment required to clear the balance that could be owed within

a reasonable period of time. On the other hand, Mr M says that he shouldn't have been lent to under any circumstances.

I've considered what the parties have said.

What's important to note is that Mr M was provided with a revolving credit facility rather than a loan. And this means that Vanquis was required to understand whether a credit limit of £500 could be repaid within a reasonable period of time, rather than in one go. A credit limit of £500 required relatively low monthly payments in order to clear the full amount that could be owed within a reasonable period of time.

I've seen the information Vanquis obtained from Mr M about his income and what was on the credit search carried out. Vanquis says that Mr M declared being in a household which received around £70,000.00 a year at the time. I've seen that Mr M says he had previous repayment difficulties recorded against him - at the time of his application.

I accept that Vanquis' credit search did show that Mr M had a defaulted account recorded against him. However, had been obtained approaching four and a half years prior. As this is the case, I don't think that this in itself meant that Mr M shouldn't have been lent to. In my view, it meant that Vanquis needed to exercise more caution which it did do by offering a low initial limit.

Given the low amount being initially being lent here and the credit searches Vanquis carried out not showing that Mr M shouldn't be lent to in any circumstances in the way he suggests, I don't think that Vanquis needed to further verify what was in the information it had before lending.

Furthermore, while Mr M has said that he had multiple accounts open with a number of different providers, Vanquis' credit searches showed that Mr M only had two active credit balances and owed just over £1,500.00. Bearing in mind what it saw in the credit searches, I don't think that Vanquis had any reason to believe that Mr M may have been overindebted.

For the sake of completeness, I would also add that it's also not even immediately apparent to me that even more checks, which at the absolute maximum would have consisted of finding out more about Mr M's living expenses rather than relying on estimates of this, would, in any event, have led to Vanquis making a different decision.

I say this because I've not been provided with anything that clearly shows Mr M's regular living costs were higher than any estimates Vanquis used. So I can't say that Vanquis relying on Mr M's actual living expenses rather than estimates would have shown that Mr M didn't have the funds in order to make the low payment he could have had to make as a result of using all of the credit available to him on this card.

In reaching my conclusions, I've also considered whether the lending relationship between Vanquis and Mr M might have been unfair to Mr M under s140A of the Consumer Credit Act 1974 ("CCA").

However, for the reasons I've explained, I've not been persuaded that Vanquis irresponsibly lent to Mr M or otherwise treated him unfairly in relation to this matter. And I haven't seen anything to suggest that s140A CCA or anything else would, given the facts of this complaint, lead to a different outcome here.

So overall and having considered everything I don't think that Vanquis treated Mr M unfairly or unreasonably in approving his credit card application. I appreciate this will be very disappointing for Mr M. But I hope he'll understand the reasons for my decision and that he'll

at least feel his concerns have been listened to.

### **My final decision**

For the reasons I've explained, I'm not upholding Mr M's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 13 June 2025.

Jeshen Narayanan  
**Ombudsman**