

## **The complaint**

Mr K complains that Vanquis Bank Limited irresponsibly lent to him.

Mr K is represented by a solicitor's 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 Mr K himself.

## **What happened**

Mr K was approved for a Vanquis credit card in February 2018 with a £250 credit limit. Mr K says that Vanquis irresponsibly lent to him, and he made a complaint to Vanquis, who did not uphold his complaint. Mr K brought his complaint to our service. Vanquis gave our service consent to consider the merits of Mr K's complaint. Vanquis said appropriate checks were made which were proportionate to the amount of credit being granted.

Our investigator did not uphold Mr K's complaint. She said that Vanquis made a fair lending decision. Mr K asked for an ombudsman to review his complaint. He made a number of points. In summary he said he had a lot of external debt (including his overdraft), which placed pressure on his financial situation, he used the Vanquis card to gamble and proportionate checks would have shown the credit would be used irresponsibly. Mr K said Vanquis did not assess his income sufficiently, and his debt to income was significant. He said his Vanquis account was ultimately suspended which further highlights he was unable to afford repayments to the account.

## **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 Mr K, Vanquis needed to make proportionate checks to determine whether the credit was affordable and sustainable for him. 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.

I've looked at what checks Vanquis said they did when initially approving Mr K's application. Vanquis said they completed a credit check with a Credit Reference Agency (CRA) and information that Mr K had provided them before approving his application.

The information showed that Mr K declared a gross annual income of £17,160. There were no defaults or County Court Judgements (CCJ's) being reported by the CRA that Vanquis used.

The checks showed that Mr K had total outstanding unsecured balances of £691. So the debt to annual income ratio was slightly over 4%. If Mr K used all of the £250 credit limit and

this was added onto his existing debt, then this would equate to less than 6% of his declared gross annual income.

Mr K was shown to be £71 into an arranged overdraft at the time of the checks, and he was using less than half his overdraft limit. None of Mr K's accounts were in arrears at the time of the checks, and none of his accounts had been in arrears for the 12 months prior to the checks.

The £250 credit limit would equate to less than 1.5% of Mr K's declared annual income. While Mr K has said Vanquis didn't assess his income sufficiently, he's not told us that the annual income he declared to Vanquis was incorrect. It also wouldn't be clear why Mr K would tell Vanquis incorrect information if his annual income wasn't what he declared.

But based on the low debt to income ratio and no adverse information being reported by the CRA that Vanquis used, then it wouldn't have been proportionate for Vanquis to have completed further checks such as requesting his bank statements. So they would not have been able to foresee that Mr K would use his account to gamble, and I wouldn't expect them to foresee this based on him not appearing to be hungry for credit at the time of the checks.

While the CRA showed Mr K had a credit card with a £400 credit limit, the CRA did not report an outstanding balance at the time of the checks. Based on their being no arrears I'm not persuaded that Vanquis would have been able to see Mr K's future financial difficulties.

So I'm persuaded that the checks Vanquis carried out were proportionate for the amount of credit they approved for Mr K, and I'm persuaded they made a fair lending decision to approve his application and give him a £250 credit limit.

Once Mr K's account was opened Vanquis received information from another CRA which showed Mr K had defaulted on an agreement in the past (nearly five years earlier) and his active unsecured debt was £2,138. But this information was after the account was opened. Vanquis are not required to collect information from all of the different CRA's.

Different lenders may not report to all of the different CRA's, which I couldn't hold Vanquis responsible for this. So sometimes data can be different between different CRA's. But here, Vanquis were entitled to rely on the information they were provided by the CRA as part of the account opening checks, as it wouldn't have been proportionate for them to carry out further checks based on the information they received.

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 Mr K or otherwise treated him 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 Mr K to accept or reject my decision before 27 May 2025.

Gregory Sloanes  
**Ombudsman**