

## **The complaint**

Mr S complains that Vanquis Bank Limited was irresponsible in its lending to him. He wants all interest and charges he has paid refunded along with statutory interest.

Mr S is represented by a third party but for ease of reference I have referred to Mr S throughout this decision.

## **What happened**

Mr S was provided with a Vanquis credit card account in August 2019 with an initial credit limit of £500. His credit limit was increased in May 2024 to £850 and then to £1,450 in September 2024. Mr S says that adequate affordability checks weren't undertaken before the lending decisions were made and that the credit was unaffordable for him. He says this has caused him stress and made his financial situation worse.

Vanquis issued a final response to Mr S's complaint dated 12 August 2024. It explained that before credit was provided it carried out credit scoring to assess Mr S's credit stability and ability to pay. It said that when Mr S applied for credit, he declared an annual income of £12,000. A credit check showed he had no recent defaults or county court judgements and his outstanding non-mortgage debts were £100. It said that based on its checks it was able to offer him a credit facility with a £500 credit limit. It said that it reviewed its customers' accounts on a regular basis to assess eligibility for a credit limit increase. It then wrote to Mr S in April 2024 offering a credit limit increase to £850. It noted that at this time Mr S's total non-mortgage debt was £341.

Vanquis said that its checks were proportionate to the credit being provided and they didn't raise concerns that the lending was irresponsible.

Mr S referred his complaint to this service.

Our investigator noted that Mr S had been provided with a credit card in August 2019 with a £500 credit limit and that credit limit increases had been offered on two occasions, first to £850 in April 2024 and then to £1,450 in August 2024. He noted that Mr S's outstanding balance hadn't exceeded the £850 credit limit, but he considered all the lending decisions. He thought that the checks carried out before the account was opened and credit limit increases applied were reasonable and proportionate. As these didn't suggest the lending to be unaffordable, he didn't uphold this complaint.

Mr S didn't agree with our investigator's view. He said he was in an individual voluntary arrangement in July 2019 showing he was in financial distress. He said he had other credit commitments at the time and that in 2024, when the credit limit increases were applied his account showed he was gambling.

Our investigator considered the comments Mr S made but as these didn't change his view, this complaint has been passed to me, an ombudsman, to issue a decision.

## **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.

Our general approach to complaints about unaffordable or irresponsible lending – including the key rules, guidance and good industry practice – is set out on our website.

The rules don't set out any specific checks which must be completed to assess creditworthiness. But while it is down to the firm to decide what specific checks it wishes to carry out, these should be reasonable and proportionate to the type and amount of credit being provided, the length of the term, the frequency and amount of the repayments, and the total cost of the credit.

Mr S applied for a Vanquis credit card account in August 2019. Before the account was provided, Vanquis gathered information about Mr S's employment, income and housing costs and carried out a credit search. Mr S declared he was employed with an annual income of £12,000 and paid £300 a month for his housing. The credit search showed that he had five defaulted accounts with outstanding balances as well as four active accounts. It also showed that he had entered an individual voluntary arrangement in March 2017. The defaults and arrangement were all recorded more than two years before Mr S's application and Vanquis has explained that it is a second chance lender. As the defaults were historic and Mr S was up to date on his active accounts, I do not find that the adverse credit data meant the credit shouldn't be provided, or that further checks were needed. However, I think Mr S's history needed to be taken into consideration when making the lending decision along with the assessment of any payments he was making towards the defaulted balances.

Considering the repayments that would be due on the £500 credit limit compared to Mr S's declared income and noting his active accounts were up to date, I think the checks carried out before the account was provided were reasonable. I have therefore assessed the information obtained through these to see if this should have raised concerns about the lending.

Mr S's declared an annual income of £12,000. His credit check showed his active accounts were current accounts with no balances outstanding. Deducting Mr S's declared housing costs and calculated living costs didn't raise concerns about the affordability of the £500 credit limit. Therefore I do not find in this case that I have enough to say that Vanquis was wrong to provide Mr S with the account.

Mr S was offered a credit limit increase to £850 in April 2024. Mr S had had the account for over four years by this time. During that time, he had generally managed his account well and had incurred four over limit charges in the entire period, with the most recent charge being applied in June 2022. While Mr S had been utilising a large amount of his credit limit during certain periods, he had kept well within the limit in the months leading up to the credit limit increase and had cleared the account in December 2023. Therefore I do not find that Mr S's account management raised concerns that meant further credit shouldn't have been provided.

Prior to the credit limit increase (March 2024,) Mr S had contacted Vanquis about the possibility of an increase. At the time of the credit limit increase, Mr S had no outstanding balance on his defaulted accounts, no recorded default or delinquent accounts and no other adverse credit information recorded. His total credit commitments were around £341. Taking all of this into account, I think that the checks carried out before the credit limit increase was applied were reasonable and I do not find I can say that the credit limit increase appeared unaffordable or irresponsible.

Mr S was offered a second credit limit increase in August 2024 to £1,450. In the months leading up to this, his account management hadn't raised any concerns, with no administration charges being applied and Mr S remaining within his credit limit. His external credit data didn't record any adverse information and while Mr S's total debts had increased to around £1,121, I do not find this suggested he was overindebted. Mr S was managing his commitments without any issues and so I find that the checks carried out were reasonable. As these didn't raise concerns about the affordability of the credit limit increase, I do not find I can say that Vanquis was wrong to offer this.

For the reasons I have set out above, I do not find that Vanquis did anything wrong by providing Mr S with the credit account and limit increases.

I have also considered whether Vanquis acted unfairly or unreasonably in some other way given what Mr S complained about, including whether its relationship with him might have been viewed as unfair by a court under s.140A Consumer Credit Act 1974. However, for the reasons I've already given, I don't think Vanquis lent irresponsibly to Mr S 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.

### **My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 22 April 2025.

Jane Archer  
**Ombudsman**