

The complaint

Mr B is complaining that Vanquis Bank Limited lent to him irresponsibly by providing him with, and then increasing the credit limit on, a credit card account. Mr B is represented in his complaint, but for ease I've written as if we've dealt directly with him.

What happened

In July 2015, Vanquis approved Mr B's application for credit, giving him a credit limit of £250. They increased the limit to £500 in January 2016, £1,250 in June 2016, £2,250 in January 2017 and to £3,000 in March 2020.

Mr B complained to Vanquis in July 2023, saying they'd failed to check the lending would be affordable for him. He said at the time of taking out the finance agreement he was in an Individual Voluntary Arrangement (IVA), had several other unsecured debts that he couldn't make payments for, and had two dependents. He said he'd had to borrow from friends and family to make the payments due under this agreement and suffered from stress and anxiety as a result.

In their response, Vanquis said they'd carried out a credit check with a Credit Reference Agency (CRA) before lending to Mr B. They said he had active debts of only around £100 so additional debt appeared to be affordable. And they said the adverse information on his credit file was a factor in setting the credit limit quite low at just £250. They concluded their checks were proportionate to the amount of credit granted. Vanquis said before each credit limit increase (CLI) they'd reviewed Mr B's account usage and checked his credit file and found no reason not to increase Mr B's credit limit. In summary, Vanquis were confident they'd lent responsibly to Mr B.

Mr B remained unhappy and brought his complaint to our service where one of our investigators looked into it. Our investigator said he thought Vanquis had carried out reasonable and proportionate checks before lending to Mr B and had made a fair decision to approve Mr B's application. Our investigator said the same about the first two CLIs – he thought Vanquis had done enough checks and made fair decisions to increase the credit limit. In respect of the final two CLIs, our investigator said Vanquis should have verified Mr B's income. But, he said, if they had, they'd have found Mr B's stated income was accurate and would still have been able to fairly increase his limit.

In response, Mr B said his credit commitments at the time of each lending decision were much higher than our investigator had set out in his view. He added that the CLIs were frequent and done without his consent or request and that he only found out about the CLIs when logging into his app. He said he only took the credit card to boost his credit score after his IVA, and Vanquis capitalised on this by repeatedly increasing Mr B's limit.

Our investigator explained his view that Vanquis were entitled to rely on the credit report they obtained and could only take into account the information of which they were aware. He said he still thought Vanquis had lent fairly to Mr B. And he said it appeared Vanquis had told

Mr B about the CLIs before they were implemented and given him the option to opt out. So he didn't uphold the complaint.

Mr B continued to disagree with our investigator. He reiterated his key points, saying his credit limit was increased four times within a relatively short period without adequate verification of his financial situation and overlooking his existing credit commitments. And he said Vanquis hadn't sought his consent before increasing his credit limit – noting that the letters they'd provided to us were generic templates rather than specific to him. He asked for a decision – and the complaint came to me.

I wrote to both parties, explaining that I didn't think Mr B's balance had ever exceeded £1,250. I said that meant the last two credit limit increases hadn't caused Mr B any loss and so I didn't intend to consider whether those lending decisions had been fair. Vanquis replied, attaching a statement which confirmed that Mr B's balance hadn't exceeded £1,250. Mr B didn't reply.

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.

Having done so, I'm not upholding Mr B's complaint. I'll explain below:

What's required of lenders?

The Financial Conduct Authority (FCA) sets out in a part of its handbook known as CONC what lenders must do when deciding whether or not to lend to a consumer, or when increasing the amount they lend to a consumer. In summary, a firm must consider a customer's ability to make repayments under the agreement without having to borrow further to meet repayments or default on other obligations, and without the repayments having a significant adverse impact on the customer's financial situation.

CONC says a firm must carry out checks which are proportionate to the individual circumstances of each case.

Did Vanquis carry out proportionate checks before approving Mr B's application for a credit card?

Before deciding to lend to Mr B, Vanquis asked him for his gross salary and employment status. Mr B told them he worked full time and earned £20,000 per year.

Vanquis also reviewed Mr B's credit file. They've not shared the report they looked at, but they've provided a summary. This says Mr B had one current account open and no other creditors. The report suggests the current account was not overdrawn and had been kept up to date over the preceding twelve months. The summary also says Mr B had been in an IVA but this had been completed. The IVA had started at the end of 2009 and the information Vanquis has provided says it was satisfied a few weeks before Mr B's application to Vanquis. The IVA started five and a half years before Mr B's application to Vanquis, so I'm satisfied it was reasonable for Vanquis to treat this information as historic and not necessarily indicative of Mr B's circumstances at the time of his application.

I appreciate Mr B has told us he had other debts. I haven't seen any evidence of these. But some creditors don't report to all CRAs, and Vanquis were entitled to rely on the credit report they obtained.

In summary, then, before lending to Mr B, Vanquis obtained Mr B's statement of his income and carried out a credit check. They approved a limit of £250. Given this was a small proportion of Mr B's monthly income and it appeared he had no other creditors at the time, I'm satisfied Vanquis's checks were reasonable and proportionate in the circumstances.

Did Vanquis make a fair decision to lend to Mr B?

Vanquis were approving a credit limit of £250. As it was revolving credit, there's no set amount that needed to be repaid each month, but CONC 5.2A.27 R requires a firm to assume when carrying out its assessment that the entire credit limit is drawn down at the earliest opportunity and repaid in equal instalments over a reasonable period. I think Vanquis could have reasonably assumed Mr B would need to pay them around £20 per month. Mr B's annual income of £20,000 seems enough to support this, and Vanquis saw no sign of financial distress in his credit file. So, I'm satisfied they made a fair decision to lend – it was reasonable for them to assume the credit would be sustainably affordable for Mr B.

What about the credit limit increases?

CLI 1 – to £500

Vanquis increased Mr B's credit limit to £500 around six months after approving the card. Before doing so, they checked Mr B's credit report, and they reviewed his management of the account over the few months he'd had it.

Looking at the credit file data Vanquis reviewed, it appears Mr B still had no other creditors. And Mr B's account history with Vanquis showed he was using the card and managing it well – his usage stayed below 90% and he had no late payments. He was also paying well over the minimum payments each month.

I'm satisfied Vanquis's checks were reasonable and proportionate in the circumstances, and that they made a fair lending decision – although Vanquis didn't verify Mr B's income, there was nothing to suggest it had changed in the five months since his original application. The limit remained a small proportion of Mr B's income, and the overpayments Mr B had been making would have been plenty to cover the increased repayments needed under the higher credit limit.

CLI 2 – to £1,250

Before increasing Mr B's limit in June 2016, Vanquis checked Mr B's credit file again. This suggested Mr B had a new credit account elsewhere, but still had total balances of less than £100. Vanquis also reviewed Mr B's management of his account again. His account history showed no late fees and maximum usage of 83%. It also showed Mr B continued to pay significantly more than the minimum needed each month.

On that basis, I'm satisfied Vanquis's checks were reasonable and proportionate in the circumstances. I think they could have assumed Mr B would need to pay them around £100 each month in order to repay the credit within a reasonable timeframe. Mr B was paying at least this amount each month already, and there were no signs of financial distress in Mr B's credit file or account management. So, I'm satisfied Vanquis made a fair decision to increase Mr B's credit limit.

CLI 3 and CLI 4

I've seen a summary of Mr B's account history up to June 2025 and it's clear the balance on Mr B's card hasn't been above £1,250. So, I'm satisfied the credit limit increases to £2,250 and £3,000 have had no financial impact on him. As such, I don't need to consider whether they were made responsibly – because there'd be no redress even if they weren't. If Mr B would prefer a lower credit limit, he should ask Vanquis to reduce it.

Did Vanquis act unfairly in any other way?

Mr B said the only way he found out about the credit limit increases was through the banking app. Vanquis have provided evidence showing they sent Mr B emails in advance of each of the first three CLIs and provided a template of the letter they'd have sent. Although this is a template, rather than the exact email Mr B was sent, I think it's likely Mr B would have been offered the opportunity to opt out of each of these CLIs. Before the final CLI, Vanquis asked Mr B for information about his circumstances, which he provided. In providing this information I'm satisfied he implicitly consented to the CLI.

In addition, Mr B's usage of his credit limit was low throughout the period he's had the card. So, even if he wasn't aware he could opt out of the CLIs, I'm not persuaded this would have had a significant impact on him.

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 don't think Vanquis lent irresponsibly to Mr B 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

As I've explained above, I'm not upholding Mr B's complaint about Vanquis Bank Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 7 August 2025.

Clare King
Ombudsman