

The complaint

Mrs G complains that Vanquis Bank Limited lent irresponsibly when it approved her credit card application and later increased the credit limit.

What happened

Mrs G applied for a Vanquis credit card in July 2018. In her application, Mrs G said she was employed with an income of £20,000. Mrs G also gave a household income of £38,000 in the application. A credit search showed Mrs G owed around £8,100 in other unsecured debt and had opened three new credit cards in the preceding six months. No adverse credit, recent defaults or missed payments were found on Mrs G's credit file. Vanquis says it applied its lending criteria to Mrs G's application and approved it, issuing a credit card with a £500 limit.

Vanquis increased the credit limit to £1,000 in December 2018 and £2,000 in May 2019. Vanquis says it applied its lending criteria and looked at Mrs G's account use and credit file before each credit limit increase.

Mrs G used the credit card but it fell into arrears and was terminated in 2021. Last year, representatives acting on Mrs G's behalf complained that Vanquis lent irresponsibly and it issued a final response. Vanquis said it had carried out the relevant lending checks and didn't agree it lent irresponsibly.

An investigator at this service looked at Mrs G's complaint. They thought the level and nature of checks Vanquis completed before approving Mrs G's application and later increasing the credit limit were reasonable and proportionate to the credit it approved. The investigator wasn't persuaded Vanquis lent irresponsibly and didn't uphold Mrs G's complaint.

Mrs G's representatives asked to appeal and pointed out she'd opened three new credit cards in the months before her original application was made. In addition, Mrs G's representatives questioned the nature of the lending checks Vanquis completed before deciding to lend. As Mrs G's representatives asked to appeal, her complaint has been passed to me to make a decision.

I recently asked our investigator to contact Mrs G's representatives to request copies of her bank statements for the months each lending decision Vanquis made. But the bank statements weren't provided by the deadline so I've gone on to consider the complaint based on the evidence already on file.

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 lend or increasing the credit limit, the rules say Vanquis had to complete reasonable and proportionate checks to ensure Mrs G could afford to repay the debt in a

sustainable way. These affordability checks needed to be focused on the borrower's circumstances. The nature of what's considered reasonable and proportionate will vary depending on various factors like:

- The amount of credit;
- The total sum repayable and the size of regular repayments;
- The duration of the agreement;
- The costs of the credit; and
- The consumer's individual circumstances.

That means there's no set list of checks a lender must complete. But lenders are required to consider the above points when deciding what's reasonable and proportionate. Lenders may choose to verify a borrower's income or obtain a more detailed picture of their circumstances by reviewing bank statements for example. More information about how we consider irresponsible lending complaints can be found on our website.

When Mrs G's representatives asked to appeal, they pointed out she had opened three new credit cards and taken various cash advances in the months before her Vanquis application was approved. I felt those were reasonable points and potentially indicated Mrs G may've become reliant on credit to make ends meet. As a result, I asked for copies of Mrs G's bank statements from before her application and each credit limit increase. However, as that information hasn't been supplied and the deadline has passed, in line with Mrs G's representative's instructions, I've reviewed the case based on the information we already hold on file.

There is limited information in terms of the specific affordability assessment Vanquis completed before approving Mrs G's application. But I think it's reasonable to note Mrs G's existing debts were all up to date and that there was no adverse credit recorded on her credit file. In addition, the initial credit limit of £500 was reasonably low. Mrs G confirmed her personal income of 20,000 and the household income of £38,000. Even accepting Mrs G already owed around £8,100 when she applied, I think the information on file indicates she was in a position to sustainably afford repayments to a new credit card with a limit of £500. I'm sorry to disappoint Mrs G but I haven't been persuaded that Vanquis lent irresponsibly.

Again, the affordability assessments Vanquis completed before increasing Mrs G's credit limit to £1,000 in December 2018 then £2,000 in May 2019 aren't available. That's, in part, why I asked for Mrs G's bank statements. But in the absence of the affordability assessments and bank statements, I'm satisfied I can still reach a fair decision based on the evidence on file. I note that all Mrs G's payments had been made on time and she hadn't exceeded the credit limit before the increases were approved.

The credit file information Vanquis collected shows her debts had remained reasonably stable following the approval of her account. In December 2018 they stood at around £8,500 and in May 2019 they were around £9,100. I can see Mrs G had a missed payment in May 2019 but, at the time, that appears to be an isolated issue and I note the account was quickly brought back up to date. In addition, all Mrs G's Vanquis payments had been made on time and no overlimit or late fees were applied before the credit limit increases were approved.

In the absence of further information and having considered all the available evidence, I haven't been persuaded that Vanquis lent irresponsibly. In my view, the information available indicates the initial application and credit limit increases were affordable for Mrs G. As a result, I haven't been able to reach the conclusion Vanquis lent irresponsibly so can't uphold Mrs G's complaint.

I've considered whether the business acted unfairly or unreasonably in any other way including whether the relationship might have been unfair under Section 140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think Vanquis lent irresponsibly to Mrs G or otherwise treated her unfairly. I haven't seen anything to suggest that Section 140A or anything else would, given the facts of this complaint, lead to a different outcome here.

My final decision

My decision is that I don't uphold Mrs G's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs G to accept or reject my decision before 1 July 2025.

Marco Manente
Ombudsman