

The complaint

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

What happened

Mr W was provided with a Vanquis account in April 2016. The initial credit limit was £500 and this was increased on five occasions. Mr W says that adequate checks weren't undertaken before the credit account was opened and credit limit increases applied. He says the lending was unaffordable and has added to his financial difficulties.

Vanquis issued a final response to Mr W's complaint dated 26 August 2024. It said that as the account was opened, and the first three credit limit increases applied more than six years before the complaint was raised these hadn't been considered. Regarding the later credit limit increases it explained that it regularly reviewed its customers' accounts to assess eligibility for a credit limit increase. It noted that Mr W was sent emails advising of Vanquis's intention to increase his credit limit to £3,500 and £4,000 respectively. It said that prior to this the relevant checks were completed to ensure that a responsible lending decision was being made.

Mr W referred his complaint to this service and Vanquis consented to all the lending decisions being reviewed.

Our investigator thought that the checks Vanquis carried out before the account was opened were reasonable and as these didn't raise concerns, he didn't think that Vanquis was wrong to provide the account with an initial credit limit of £500. He thought that further checks should have happened before the credit limit increases were applied. However, he found that had these happened they wouldn't have suggested the lending to be unaffordable. Therefore, he didn't uphold this complaint.

Mr W didn't agree with our investigator's view. He didn't accept that reasonable and proportionate affordability checks were carried out before the lending decisions were made and said Vanquis overlooked signs of financial difficulty.

As a resolution hasn't been agreed, 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 W was provided with a credit card account in April 2016 and his credit limit was increased on five occasions as set out below.

Date	Event	Credit limit
April 2016	Account opening	£500
August 2016	1st increase	£1,000
January 2017	2nd increase	£2,000
July 2018	3rd increase	£3,000
January 2019	4th increase	£3,500
September 2020	5 th increase	£4,000

Account opening

Before the account was opened, Vanquis gathered information about Mr W's income and carried out a credit check. Mr W declared a personal income of £15,000 and a household income of £40,000. As the credit was being provided to Mr W, I think it reasonable that the personal income figure would be used in the assessment. The credit check showed that Mr W did have defaults / judgments recorded but as these were recorded 62 months before the application, I do not think these meant that an account shouldn't be provided. However, noting this, along with Mr W's income, I think it right that the account provided had a low initial credit limit.

Mr W's credit check showed no outstanding balances recorded on active accounts and taking this into account and noting the £500 credit limit being provided, I find the checks carried out were proportionate. As these didn't suggest the lending to be unaffordable, I do not find I can say that Vanquis was wrong to provide Mr W with the account.

Credit limit increases 1, 2 and 3

Before the first three credit limit increases were applied, Vanquis gathered information about Mr W's credit commitments, and it also had his account management data available. Given the timing of these increases, I do not think it unreasonable that his income declared at application would be relied on. However, given this was a relatively low income compared to the increased amount of credit being provided, I think it would have been reasonable to ask further questions to understand Mr W's financial circumstances at the time.

Mr W hasn't been able to provide copies of his bank statements for the months leading up to the first two credit limit increases and only one statement for the month before the third credit limit increase. The June 2018 bank statement shows Mr W making substantial deposits into his account and so I do not find that these would have raised concerns about his previously declared income or suggested that the increase credit limits would be unaffordable.

I have looked through Mr W's account management leading up to the credit limit increases and I do not find that this raises concerns. Mr W was utilising a high percentage of his credit limit but, aside from an overlimit charge applied in June 2016, he hadn't incurred any administrative charges. Mr W was making his required payments and on several occasions making payments higher than the minimum required.

Mr W's credit file showed that he had no outstanding balances at the time of the first two credit limit increases. While he did have outstanding balances of around £3,476 when the third credit limit increase was applied, his credit file didn't record any adverse data, suggesting that Mr W was managing his existing credit commitments.

Taking all of the above into account, I do not find I have the evidence to say that Vanquis was wrong to provide the first three credit limit increases.

Credit limit increase 4

Mr W was offered a further credit limit in January 2019, bringing his credit limit to £3,500. Mr W had incurred an overlimit charge in December 2018, but this appeared to be a one off as no other charges had been applied in the previous year. Mr W had cleared his balance in August 2018 and a zero balance was recorded until November 2018. Therefore, I do not find I can say that his account management suggested that he was struggling financially.

Mr W's credit report showed that he had around £2,668 of external credit in the month before the increase was offered. And there was no adverse data recorded. Therefore, I do not find I can say his credit check raised concerns that he was overindebted or struggling to manage his existing commitments.

Mr W has provided copies of his bank statements for the months leading up to the credit limit increase. While I do not think that Vanquis was required to ask for these, I have looked at the evidence they contain to see if further questions would likely have raised concerns. The statements do not show a regular income, but they do show frequent cash deposits. Aside from Mr W's credit commitments, there are limited regular payments leaving the account. So, based on what I have seen, and noting that Mr W's account management and credit check didn't raise concerns, I do not find I have enough to say that this credit limit shouldn't have been provided.

Credit limit increase 5

Mr W was offered a further credit limit increase in September 2020, bringing his credit limit to £4,000. Mr W had incurred an overlimit charge in July 2020, but he then brought the account to within the limit. As there was no evidence of late payments or regular overlimit charges, I do not find that Mr W's account management raised concerns that meant a credit limit shouldn't have been considered.

Mr W's credit report showed that he had around £2,109 of external credit in the month before the increase was offered. And there was no adverse data recorded. Therefore, I do not find that his credit check raised concerns that he was overindebted or struggling to manage his existing commitments.

Mr W's bank statements show him receiving income from two different sources. Looking through his account statements at his regular expenses, I do not find I have enough to say that further questions would have suggested the limit increase to be unaffordable. So, given Mr W's account management and credit check didn't raise concerns about how he was

managing his finances, I do not find I have enough to say the credit limit shouldn't have been applied.

I've also considered whether Vanquis acted unfairly or unreasonably in some other way given what Mr W has complained about, including whether its relationship with him 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 Mr W 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 W to accept or reject my decision before 29 April 2025.

Jane Archer
Ombudsman