

The complaint

Mr S is unhappy that Vanquis Bank Limited chose not to lend him money after initially telling him that they would do.

What happened

Mr S applied for a loan with Vanquis and spoke with Vanquis when completing his application. Vanquis' agent told Mr S that he was eligible to receive a loan from them and that he would receive the money in approximately a week. But after a week passed without Mr S receiving the loan funds, he called Vanquis and was told that they would not be providing a loan to Mr S after all. Mr S wasn't happy about this, so he raised a complaint.

Vanquis responded to Mr S and explained that shortly after Mr S had applied for the loan, Vanquis had made the decision to temporarily suspend providing any new lending which meant that Mr S's loan application hadn't been approved. Vanquis apologised to Mr S for any false expectation he'd given that his loan application would be approved and offered to pay £75 to him as compensation for any trouble or upset that may have caused. Mr S wasn't satisfied with Vanquis' response, so he referred his complaint to this service.

One of our investigators looked at this complaint and liaised with Mr S and Vanquis about it. During that time, Vanquis reassessed their position on this complaint and offered an increased amount of £100 compensation to Mr S for any frustration or inconvenience he might have incurred. Our investigator felt that Vanquis' offer represented a fair outcome to this complaint. However, Mr S disagreed, and so the matter was escalated to an ombudsman for a final 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.

I note that Mr S has provided several detailed submissions to this service regarding his complaint. I'd like to thank Mr S for these submissions, and I hope that he doesn't consider it a discourtesy that I won't be responding in similar detail here. Instead, I've focussed on what I consider to be the key aspects of this complaint, in line with this service's role as an informal dispute resolution service.

This means that if Mr S notes that I haven't addressed a specific point that he's raised, it shouldn't be taken from this that I haven't considered that point – I can confirm that I've read and considered all the submissions provided by both Mr S and Vanquis. Rather, it should be taken that I have considered that point but that I don't feel it necessary to address it directly in this letter to arrive at what I consider to be a fair resolution to this complaint.

Mr S feels that because Vanquis' agent indicated to him that his loan application would be accepted and that he would receive the loan funds that he applied for, that he has a binding agreement with Vanquis wherein Vanquis should fairly be compelled to lend him the money that they said they would lend him.

Vanquis disagree with Mr S's position and say that while Mr S did apply for a loan with them, that the loan application was never formally accepted and that therefore there wasn't any formal loan agreement issued which would be binding on them. Although Vanquis do accept that their agent did indicate to Mr S that his loan would be approved, and in doing so gave Mr S an incorrect expectation that he would definitely be receiving loan funds from Vanquis.

Upon review, I find Vanquis' position to be the more persuasive here. I say this because a loan isn't binding until a formal agreement is signed and issued, which often happens at the point that loan funds are distributed by a lender to a borrower. In this instance, Mr S has demonstrated that he was told that he would be given a loan, but he hasn't been able to provide a formal loan agreement which would confirm the loan was ever put in place. And Vanquis explain that this was because the loan was never formally approved.

Additionally, I've listened to phone calls between Mr S and Vanquis, and I feel it was apparent from these calls that Mr S had applied for a loan but that the application hadn't yet been approved. This includes a call where Mr S called Vanquis back after receiving a second loan application verification code. And on that call Vanquis' agent spoke specifically about Mr S's loan application and the fact that it still needed to be formally approved.

Accordingly, while I accept that Mr S was told by Vanquis' agent that his loan application would be approved, I'm satisfied that Mr S's loan agreement was never formally approved as Vanquis' agent incorrectly indicated to Mr S that it would be. And Vanquis have confirmed that Mr S's loan application wasn't approved because Vanquis made the decision to place a temporary suspension on providing new lending at that time.

That Vanquis made the decision to suspend providing new lending at a time when Mr S had a loan application pending was clearly unfortunate for Mr S. But I don't feel that Vanquis declining Mr S's loan application as a consequence of their decision to temporarily not provide new lending was unfair towards Mr S. This is because I'm satisfied it's for a business such as Vanquis to decide whether it's willing to lend money or not at any given time.

However, it's clear that Mr S was given a false expectation by Vanquis' agent that his loan application would be approved and that he would receive the loan funds that he'd applied for. And while I appreciate that Vanquis' agent most likely wouldn't have known about the impending suspension on new lending that Vanquis would put in place shortly after they give Mr S that false expectation, I do feel that Mr S has incurred a degree of upset and frustration upon learning that his loan application wouldn't in fact be approved resultant from the incorrect expectation that he was given.

Vanquis have acknowledged this point themselves and have apologised to Mr S for it. And Vanquis have also offered to pay £100 to Mr S as compensation for any trouble or distress he may have experienced because he was wrongly told that his loan application would be approved. This compensation for the impact on Mr S of the false expectation that he was given seems fair to me, and I confirm that it's commensurate with what I might have instructed Vanquis to pay to Mr S, had they not already offered to do so.

Mr S has said that he feels that the impact he's suffered here is significant, in that he hasn't received loan funds that he was promised. But because Vanquis made the decision to suspend providing new loans at that time, Mr S was never going to receive the loan funds that he applied for.

As such, it isn't the case that Mr S hasn't received loan funds he might have received, as Mr S feels was the case. Instead, what happened is that Mr S was incorrectly led to believe that he would receive loan funds that he was never going to receive, because his application was never going to be approved, because Vanquis made the decision to temporarily suspend

new lending at that time.

Accordingly, I don't feel that Mr S has incurred a financial detriment here, because he was never going to receive the loan he applied for. But he has experienced upset and frustration at being incorrectly led to believe that his loan application would be successful. And in consideration of the false expectation that Mr S was given by Vanquis' agent, I feel that £100 is a fair compensation amount.

Mr S has suggested that when Vanquis made the decision to suspend new lending, that it shouldn't have been applied to applications such as his which had already been submitted. And he also feels that Vanquis could have provided the lending to him via other means, such as by increasing the credit limit available to him on his credit account.

But it's for a business such as Vanquis to make operational decisions of the nature that Mr S describes, and this service has neither the remit nor the authority to instruct a business to change how it chooses to operate. Instead, this service can only assess the fairness of actions that a business has taken. And, in this instance, I feel that Mr S was treated unfairly by Vanquis on the basis that he was given an incorrect expectation by their agent, as I've discussed above.

Finally, in recent correspondence with this service, Mr S has raised a further point of complaint regarding his Vanquis credit account credit limit. However, this service can only consider points of complaint that have already been referred to the business in question and which that business has therefore has the formal opportunity to consider and respond to. As such, if Mr S is unhappy about this further matter, I can only refer him to Vanquis to raise that further point with them directly in the first instance, so that Vanquis do have a formal opportunity to consider and respond to that point of complaint – after which time, Mr S may have the right to refer that further point of complaint to this service, should he still wish to.

All of which means that while I will be upholding this complaint in Mr S's favour, I'll only be doing so to instruct Vanquis to pay the £100 to him that they've already offered to pay. I realise this won't be the outcome that Mr S was wanting, but I hope that he understands, given what I've explained, why I've made the final decision that I have.

Putting things right

Vanquis must pay £100 to Mr S.

My final decision

My final decision is that I uphold this complaint against Vanquis Bank Limited on the basis explained above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 21 April 2025.

Paul Cooper
Ombudsman