

The complaint

Mr H complains that Vanquis Bank Limited (“Vanquis”) didn’t act responsibly when providing him with a credit card.

Mr H is represented by a professional third party, but for ease of reference I’ll refer to Mr H throughout.

What happened

Mr H applied for a credit card with Vanquis in May 2023. The application was approved, and Vanquis provided Mr H with a limit of £1,200. This limit wasn’t ever increased.

In August 2024 Mr H complained to Vanquis that the lending was irresponsible. He said reasonable and proportionate checks weren’t completed, and the credit agreement was unaffordable and unsustainable.

Vanquis responded in September 2024 rejecting the complaint. They said proportionate checks were made and they’re satisfied a fair decision to lend was made. Mr H wasn’t happy with the response so the complaint was bought to our service to consider.

An Investigator here looked into things and largely agreed with Vanquis. They believed the checks were proportionate, and a fair decision to lend was made.

Mr H responded disagreeing with the outcome. He said he was taking out other finance to fund himself and he was gambling at the time. He feels had Vanquis done proper checks, they would’ve seen this and because they didn’t, the lending is irresponsible.

Because an agreement couldn’t be reached, the complaint has been passed to me to decide.

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.

The rules and regulations in place at the time Vanquis provided Mr H with the credit card/loan required them to carry out a reasonable and proportionate assessment of whether he could afford to repay what he owed in a sustainable manner. This is sometimes referred to as an ‘affordability assessment’ or ‘affordability check’.

The checks had to be ‘borrower’ focused. This means Vanquis had to think about whether repaying the credit sustainably would cause difficulties or adverse consequences for Mr H. In other words, it wasn’t enough for Vanquis to consider the likelihood of them getting the funds back or whether Mr H’s circumstances met their lending criteria – they had to consider if Mr H could sustainably repay the lending being provided to him.

Checks also had to be 'proportionate' to the specific circumstances of the lending. In general, what constitutes a proportionate affordability check will be dependent on a number of factors including – but not limited to – the particular circumstances of the consumer (e.g. their financial history, current situation and outlook, any indications of vulnerability or financial difficulty) and the amount/type/cost of credit they were seeking. I've kept all of this in mind when thinking about whether Vanquis did what was needed before lending to Mr H.

Vanquis gathered information about Mr H using both the information he supplied at application and credit checks. Mr H declared he had £0 in housing costs at application, but Vanquis obtained the actual figure using the data available. They considered his monthly credit commitments and living costs, and having done so, using the figure of £19,000 per year the lending was deemed affordable.

Mr H's existing credit commitments were generally well managed based on the data Vanquis received in the credit check – there were some potential indicators of financial difficulty, such as missed payments in the past and an account slightly overlimit, but nothing to suggest to Vanquis that a relatively modest credit limit of £1,200 wouldn't be affordable for him. So, it follows that I believe Vanquis' checks were proportionate and a fair decision was made to lend.

I've thought about Mr H's comments regarding the gambling on his current account. When considering lending complaints, there are no specific checks that lenders must complete before approving an application for credit. The rules set out by the regulator merely state that checks should take place and that they should be proportionate to the type and amount of credit being provided. But there is no obligation on lenders to ask to see bank statements, so Vanquis didn't make an error when they didn't automatically ask to see Mr H's bank statements before approving the application. This means I never would've expected Vanquis to be aware of Mr H's gambling.

For completion, I reviewed the statement Mr H provided us in response to the view. Having done so, his position at the time of application was better than declared at the time because he was in fact in employment at the time as well as in receipt of benefits. Vanquis also did hold the correct amount Mr H was paying towards rent each month and took that into account when making their assessment.

In reaching my conclusions, I've also considered whether the lending relationship between Vanquis and Mr H might have been unfair to Mr H under s140A of the Consumer Credit Act 1974 ("CCA"). However, for the reasons I've already explained, I'm satisfied that Vanquis did not lend irresponsibly when providing Mr H with the credit card. And I haven't seen anything to suggest that s140A CCA would, given the facts of this complaint, lead to a different outcome here.

I know this is likely to come as a disappointment to Mr H, but I hope he understands my reasoning.

My final decision

It's my final decision that Vanquis Bank Limited didn't treat Mr H unfairly when approving his application for credit.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 25 June 2025.

Meg Raymond

Ombudsman