

## The complaint

Mr M complains that Vanquis Bank Limited irresponsibly lent to him.

Mr M is represented by a claims management company in bringing this complaint. But for ease of reading, I'll refer to any submission and comments they have made as being made by Mr M himself.

## What happened

Mr M was approved for a Vanquis credit card in September 2017 with a £500 credit limit. I have detailed the credit limit changes below:

April 2018	£500 to £1,000
September 2018	£1,000 to £1,500

Mr M says that Vanquis irresponsibly lent to him, and he made a complaint to Vanquis, who said he complained too late for them to consider the merits of his complaint. Mr M brought his complaint to our service. Vanquis gave our service their consent for us to consider the merits of Mr M's complaint.

Our investigator did not uphold Mr M's complaint. He said that Vanquis' checks were proportionate and they made fair lending decisions. Mr M asked for an ombudsman to review his complaint. He said Vanquis did not breakdown his individual accounts for the credit limit increases and his overdraft was at its maximum for the credit limit increases.

## 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 approve or increase the credit available to Mr M, Vanquis needed to make proportionate checks to determine whether the credit was affordable and sustainable for him. There's no prescribed list of checks a lender should make. But the kind of things I expect lenders to consider include - but are not limited to: the type and amount of credit, the borrower's income and credit history, the amount and frequency of repayments, as well as the consumer's personal circumstances. I've listed below what checks Vanquis have done and whether I'm persuaded these checks were proportionate.

### *Acceptance for the Vanquis credit card*

I've looked at what checks Vanquis said they did when initially approving Mr M's application. I'll address the credit limit increases later on. Vanquis said they completed a credit check with a Credit Reference Agency (CRA) and information that Mr M had provided before approving his application.

The information showed that Mr M declared he was employed with a gross annual income of

£15,500. The CRA showed he had active unsecured debt of £2,041 at the time the checks were completed. But the checks showed that Mr M had exceeded his credit limit by £28 on one of his accounts. So this could be a sign of financial difficulty. But I'm also mindful that it could have been a genuine oversight from Mr M.

It would appear that on this occasion it was a genuine oversight. I say this because Mr M's other account shows he was using around 50% of his overdraft limit at the time of the checks, so it didn't appear that Mr M was reliant on all of his available credit limits at the time of the checks.

In addition to this, the checks showed that Mr M had not been in arrears on any of his accounts in the last 12 months prior to the checks. The CRA did not report any defaulted accounts or County Court Judgements (CCJ's) on his credit file. None of his active accounts were in an arrangement to pay. The £28 that he exceeded his credit limit by would equate to less than 0.2% of his declared annual gross income. So as there were no other signs of financial difficulty from Mr M's checks, I'm not persuaded that this £28 overlimit should have prompted more thorough checks from Vanquis.

I've also considered that the initial credit limit was £500 which would have equated to around 3.2% of Mr M's declared gross annual income. If this was added to his outstanding unsecured debt of £2,041 then his total debt after the Vanquis card was approved (assuming he used the full credit limit) would be £2,541, which would be around 16.4% of his gross annual income that he declared.

So I'm persuaded that Vanquis' checks were proportionate here, and they made a fair lending decision to approve the account and provide Mr M with a £500 credit limit.

#### *April 2018 credit limit increase - £500 to £1,000*

I've looked at what checks Vanquis said they did as part of this lending decision. The CRA reported Mr M had £2,608 of active unsecured debt, which was not significantly higher than the unsecured debt at the time of the application checks. None of his accounts had been in arrears since the account opening checks.

Vanquis would also have been able to see how Mr M used his Vanquis account since account opening. Mr M incurred no late or overlimit fees on this account since it was opened.

I've considered what Mr M has said about Vanquis not breaking down his accounts at the time of the checks for this credit limit increase and he was at his overdraft limit. But I'm not persuaded that further checks were required by Vanquis here.

I say that because although there isn't a requirement for Vanquis to have to receive information from the CRA's by singular accounts, Mr M had been making repayments to his account which far exceeded his minimum required repayment leading up to the credit limit increase, which I wouldn't expect Mr M to be able to do if he was financially struggling leading up to this lending decision.

For example, in January 2018 Mr M made repayments totalling £431.36, in February 2018 he made repayments totalling £372.99, and in March 2018 he made repayments totalling £437.14. In January 2018, Vanquis' system notes show Mr M was actually in credit on his Vanquis account.

So I'm persuaded that the checks Vanquis completed prior to this lending decision were proportionate, and they made a fair lending decision to increase Mr M's credit limit here.

### *September 2018 credit limit increase - £1,000 to £1,500*

I've looked at what checks Vanquis said they did as part of this lending decision. The CRA reported that Mr M had £3,311 of active unsecured debt with third parties at the time they completed their checks. While this figure was higher than the last lending decision, I'm not persuaded that it was significantly higher.

No active accounts were in arrears at the time of the checks, and no active accounts had been in arrears for the six months prior to the checks as reported by the CRA Vanquis used. Vanquis would also have been able to see how Mr M used his Vanquis account since the last credit limit increase.

Mr M had not incurred any late payment or overlimit fees since the last lending decision. But while Mr M didn't incur an overlimit fee, I can see that he did slightly exceed his credit limit prior to this lending decision, but it appears this was an oversight as he brought his balance within his credit limit prior to this credit limit increase.

Mr M again made higher repayments than what his minimum repayment would be, so again, I wouldn't expect Vanquis to make further checks to get an individual breakdown of his debt with third party lenders. He made repayments totalling £150.34 in June 2018, £150.74 in July 2018 and £147.04 in August 2018.

So I'm persuaded that Vanquis' checks were proportionate here, and they made a fair lending decision to approve the credit limit increase here.

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 can't conclude that Vanquis lent irresponsibly to Mr M 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. So it follows I don't require Vanquis to do anything further.

### **My final decision**

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 27 June 2025.

Gregory Sloanes  
**Ombudsman**