

The complaint

Mrs N complains that Vanquis Bank Limited lent to her irresponsibly in relation to a credit card account.

What happened

In July 2017, Mrs N was provided with a credit card by Vanquis. It had a limit of £250; the credit limit was never increased. Several years after opening the credit card, in November 2023, Mrs N complained to Vanquis. In summary, she said it had irresponsibly lent to her and that sufficient checks – to ensure her affordability status – hadn't been undertaken.

Vanquis didn't uphold the complaint. It said, in summary, that it had carried out checks proportionate to the amount being lent; those checks hadn't revealed any concerns, and on that basis the credit card had been provided.

Mrs N disagreed, she still thought Vanquis had acted irresponsibly in providing her the credit. So, she referred her complaint to this Service for independent review. An Investigator here considered what had happened; having done so, they didn't think Vanquis had done something wrong. In short, the Investigator said:

- The checks carried out by Vanquis were proportionate in the circumstances.
- The information gathered as a result of those checks wouldn't have given Vanquis any cause for concern. Instead, there was nothing to show that Mrs N was struggling financially and/or wouldn't be able to afford the repayments of this credit card.
- Mrs N's financial struggles which did materialise later wouldn't have been apparent at the time.
- Overall, Vanquis hadn't acted unfairly or unreasonably in giving Mrs N this credit card.

Mrs N disagreed; she offered no further specific arguments but, overall, she maintained that she'd been irresponsibly lent to. As no agreement has been reached, Mrs N's complaint has now 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.

Having done so, while this will no doubt disappoint Mrs N, I agree with the findings of our Investigator for largely the same reasons.

To explain, the rules and regulations in place at the time Mrs N was provided with the credit required Vanquis to carry out a reasonable and proportionate assessment. That's to determine whether she could afford to repay what she owed in a sustainable manner. This practice is sometimes referred to as an 'affordability assessment' or 'affordability check'.

The checks had to be borrower focussed; that is, relevant to Mrs N. So, Vanquis had to think about whether repaying the credit sustainably would cause difficulties, or other adverse consequences. In other words, Vanquis had to consider the impact of any repayments on Mrs N.

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 it needed to before agreeing to lend to Mrs N.

Here, before agreeing to lend, Vanquis undertook a credit check and relied upon information provided by Mrs N in her application. I've been provided the results of Vanquis' checks and, in my view, the data it gathered didn't suggest that there was any real cause for concern. Rather, information from Credit Reference Agencies ("CRAs") didn't show any recent defaults or County Court Judgements ("CCJs"). Mrs N had declared an annual income of £20,000 – something Vanquis was entitled to rely upon – and while she did have some other credit commitments outstanding at the time, nothing suggested particular cause for concern. For example, there was no pattern of regular missed repayments – or other obvious signs of financial difficulty – when Vanquis carried out its checks in June 2017.

With all of that in mind, considering the modest size of the credit limit provided here at £250, and noting that neither CRA data, nor application data, raised any immediate concerns, I think the checks undertaken by Vanquis before lending to Mrs N were proportionate. I wouldn't have expected Vanquis to do any further checks or verification in these circumstances, particularly given the level of borrowing. Having thought about the information gained through Vanquis' checks too, it's difficult for me to fairly say that providing Mrs N with a £250 credit card was irresponsible. Nothing in the data gained about her financial circumstances strongly indicated that the lending would be unaffordable.

I am sorry to disappoint Mrs N; I know this won't be the outcome that she's hoping for, and I certainly don't mean to downplay the impact she's said this matter has had. But it's for the reasons I've explained that I don't think Vanquis acted unfairly or unreasonably when it provided her a £250 credit card. It follows that I'm not upholding this complaint.

Separately, whilst I'm not upholding the complaint, I do want to remind Vanquis of its obligations to exercise forbearance moving forward. I would certainly encourage Mrs N to keep in regular contact with Vanquis about any difficulties she's now facing.

Finally, 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 don't think Vanquis lent irresponsibly to Mrs N or otherwise treated her 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 don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs N to accept or reject my decision before 6 June 2025.

Simon Louth
Ombudsman