

## **The complaint**

Ms K has complained that Vanquis Bank Limited acted irresponsibly when it gave her a credit card account and increased the limit on the account.

Ms K is represented in the complaint but for simplicity I will refer to Ms K throughout as if all submissions have been made by her.

## **What happened**

I don't need to set out the full background to the complaint. This is because the history of the matter is set out in the correspondence between the parties and our service, so there is no need for me to repeat the details here. In addition, our decisions are published, so it's important I don't include any information that might lead to Ms K being identified. So for these reasons, I will instead concentrate on giving a brief summary of the complaint, followed by the reasons for my decision.

In September 2019 Ms K took out a credit card with Vanquis. The initial limit was £500. This was increased in February 2020 to £1,000 and in August 2020 to £2,000. The account was sold to a third party on 16 April 2024.

In May 2024 a complaint was made to Vanquis that the lending had been irresponsible. Vanquis didn't uphold the complaint and so Ms K referred it to our service. Two Investigators looked at what had happened but didn't think the complaint should be upheld.

Ms K asked for an Ombudsman to review the complaint. She said she didn't have sufficient disposable income to justify the decisions Vanquis made when it offered her the card and increased the limits.

## **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.

As stated above, in their very detailed letters dated 27 November 2024 and 12 March 2025 the Investigators set out the full history of the matter, including details of all the information provided by Ms K, and considered by Vanquis when making the lending decisions on her account. Because all parties have had a copy of that letter, I do not need to set out all the details here.

Before entering into a credit agreement Vanquis needed to check that Ms K could afford to repay the credit out of her usual means, within a reasonable period of time, without having to borrow further and without experiencing financial difficulty or other adverse consequences. The checks needed to be proportionate to the nature of the credit, for example the amount offered, and to Ms K's particular circumstances. In addition Vanquis needed to have proper regard to the outcome of its risk assessment in relation to affordability. The overarching requirement was that Vanquis needed to pay due regard to Ms K's interests and treat her fairly.

With all this in mind, I have to consider whether Vanquis carried out reasonable and proportionate checks when it opened the account for Ms K to satisfy itself that she would be able to repay the credit offered within a reasonable period of time. If it didn't do this, what would reasonable and proportionate checks have shown? Was there anything of concern in the checks Vanquis carried out, and did it make fair lending decisions? Did Vanquis treat Ms K unfairly or unreasonably in any other way, including whether the relationship might have been unfair under s.140A Consumer Credit Act 1974 (s.140A CCA)?

It seems to me that Vanquis carried out proportionate checks when it opened the account. It considered what Ms K said on her application form and checked her credit file. I've reviewed the information Vanquis gathered and I haven't seen anything which suggests Vanquis should have had cause to think that Ms K would have any difficulty meeting her repayments for the level of credit offered out of her stated income. Her net monthly income was stated to be £1,699 and she had disposable monthly income of £458, providing a sufficient buffer for the monthly repayments. Ms K had no County Court Judgements and there was nothing in her credit score to alert Vanquis of any issues with other creditors.

I also don't think there was anything in the information Vanquis had gathered about Ms K's circumstances that should have led it automatically to decline her application, or prompted it to complete further checks before entering into the agreement.

Bearing in mind there wasn't anything in the information provided by Ms K that was inconsistent or difficult to explain, I don't think that it was unreasonable for Vanquis to rely on what Ms K provided about her income and expenditure during her application. In the circumstances, the information obtained suggested to Vanquis that Ms K could repay the balance within a reasonable period of time. The checks Vanquis carried out were reasonable and proportionate. Ms K's disposable income appeared sufficient to sustain repayments on the account, and I'm not persuaded there were any "red flags" that should have alerted Vanquis to any financial difficulties.

I've been provided with Ms K's current account bank statements for the relevant period. These don't show any charges for going into an unauthorised overdraft. In addition, I note Ms K had sufficient disposable income for a significant element of discretionary spending on her current account; that is not indicative of financial difficulties. The statements don't show any issues that ought to have caused Vanquis any concern if it had inspected those statements.

I note that there was one late payment on Ms K's Vanquis account where the payment due on 28 April 2020 wasn't paid until 1 May 2020, but other than that, the account operated within its limits throughout the period from the account opening until after the second increase in the credit limit. It wasn't until 20 May 2021 that Vanquis wrote to Ms K about her account being over its limit (by £55) and thereafter the account was handled by a debt collection agency, it appears as a wider arrangement Ms K had entered into with not just Vanquis, but with other creditors as well.

Altogether, considering the information about Ms K's income from the application form, what Vanquis saw on Ms K's credit file, and the amount of credit it was offering, I can't say that Vanquis made irresponsible or unfair lending decisions when it opened the account for Ms K and extended the credit limit.

Finally, I've thought about whether considering this complaint more broadly as a complaint about an unfair relationship would affect the outcome.

In the context of this complaint, the law relating to unfair relationships is described in Section 140A of the Consumer Credit Act 1974 ('Section 140'). It says a court may make an order under Section 140 if it determines a relationship between the creditor and the debtor is unfair. The consumer is the debtor and Section 140 defines the creditor as "*the person to whom his rights and duties under the agreement have passed by assignment or operation of law.*"

So where a debt has been sold, it follows that the debt purchaser is now the creditor for the purposes of the credit agreement. That means a claim about an unfair relationship can't be brought by a consumer against the original lender as they are no longer the creditor.

### **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 Ms K to accept or reject my decision before 5 May 2025.

Jan O'Leary  
**Ombudsman**