

The complaint

Mrs B complains that Vanquis Bank Limited irresponsibly lent her a credit card account and increased the credit limit.

What happened

Vanquis opened a credit card account with a credit limit of £250 for Mrs B in March 2016. It then increased the credit limit as follows:

- to £500 in June 2016
- to £1,500 in November 2016
- to £2,500 in April 2017
- to £3,000 in September 2017.

In 2024 Mrs B made a complaint to Vanquis through a law firm. She said Vanquis had acted irresponsibly in giving her the credit card and increasing the limit because it hadn't carried out appropriate checks before doing so and she's now struggling financially.

Vanquis said it had carried out appropriate and proportionate checks before it opened the account and increased the limit. It didn't think it had lent to Mrs B irresponsibly. Following Mrs B's referral to us, it consented to us looking into the complaint despite the time that has passed since the events Mrs B complains about.

Our Investigator concluded that Vanquis's lending decisions had been fair, so she didn't recommend that the complaint should be upheld. Mrs B didn't accept that conclusion and asked for an Ombudsman's review.

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, I've come to the same conclusion as the Investigator.

We've explained how we look at complaints about unaffordable and irresponsible lending on our website. I've used this approach to help me decide Mrs B's complaint. Vanquis had a duty to make sure that it didn't lend irresponsibly. In practice, this means that it had to carry out proportionate checks before lending in order to understand whether Mrs B could afford to repay any credit it provided to her. But there was no set list of checks it had to do.

Our website sets out what we typically think about when deciding whether a lender's checks were proportionate. Generally, we think it's reasonable for a lender's checks to be less thorough – in terms of how much information it gathers and what it does to verify it – in the early stages of a lending relationship, or if it's only lending a small amount. But we might think it needed to do more if, for example, a borrower's income was low or the amount lent was high. And the longer the lending relationship goes on, the greater the risk of it becoming

unsustainable and the borrower experiencing financial difficulty. So we'd expect a lender to be able to show that responsible lending didn't become irresponsible later.

Mrs B applied for her Vanquis credit card in March 2016 and Vanquis provided her with a credit card with an initial credit limit of £250. Vanquis says that it agreed to her application and decided on the credit limit on the basis of the income and other information Mrs B provided in the application, alongside other information available to it, including from credit reference agencies. It says it carried out a similar assessment each time it increased the card credit limit. And it says the information it obtained indicated that Mrs B would be able to afford the monthly repayments due for this credit card.

Vanquis lent Mrs B a revolving credit facility rather than a loan. This means that it was required to understand whether the credit limit it provided could be repaid within a reasonable period, rather than over a defined term or all in one go. It's fair to say that debt within a credit limit of £250 required low monthly payments in order to clear the full amount owed within a reasonable period of time, but Mrs B would need to pay much more each month to repay a debt closer to a limit of £3,000.

I've looked carefully at the records Vanquis has provided of Mrs B's application and of the credit checks it completed each time it increased the credit limit. They show that Mrs B said on her application that she was retired, her individual annual income was £7,860 and her household income was £14,000. The records of Vanquis's credit check show that a county court judgment was registered against Mrs B in March 2015 and a default was recorded in May 2015. They also show that Mrs B had no missed or late payments since May 2015, no other debts, and only two open accounts - a current account and a mail order account.

I'm satisfied that Vanquis carried out reasonable and proportionate checks before lending to Mrs B. Those checks showed clear evidence of past financial difficulty - but that doesn't necessarily mean that Vanquis shouldn't have given Mrs B a credit card. I don't think that it was irresponsible or unfair in providing her with a card with a low initial limit of £250. The available information suggested Mrs B would be able to repay a debt within this limit in a reasonable period of time.

Vanquis increased the credit limit on Mrs B's account four times between June 2016 and September 2017. Its records show that it obtained information from credit reference agencies before each credit limit increase, and it has provided us with extracts of that information. Those extracts show information about Mrs B's debt with other lenders and how she was managing it. Vanquis also took into account how Mrs B had been running her credit card account with it before it increased the limit.

The first credit limit increase was in June 2016. By that time Mrs B had had her Vanquis card for a few months and was managing it well, keeping the balance within the limit, paying on time and regularly paying more than the minimum monthly payment. While Vanquis increased the limit, it remained at a fairly low level, and I think it carried out proportionate checks and made a fair decision to put the limit up to £500.

Between March 2016 when Vanquis opened Mrs B's account and November 2016 when it increased the credit limit for the second time, Mrs B's credit records show that her unsecured debt increased to just under £7,000. I think that's a significant amount when weighed against the income Mrs B declared on her Vanquis application, and in the circumstances I think it would have been proportionate for Vanquis to have made some further enquiries about this and about Mrs B's overall financial position before increasing the credit limit to £1,500.

However, had Vanquis made those further enquiries I don't think its decision to increase the limit on Mrs B's card would have been irresponsible. Mrs B has provided us with copies of

her bank statements for the period between December 2015 and November 2017. They show that her income throughout that period was significantly higher than the income she put on her credit card application to Vanquis. I don't know why she entered a lower figure. But her bank statements show, for example, that in the three months before the Vanquis credit card was opened in March 2016 her net income averaged £1,832 per month. It remained at around that level consistently: in the three months before the final credit limit increase in September 2017, for example, it averaged £1,864.

The credit checks Vanquis carried out before each credit limit increase show that while Mrs B's overall unsecured debt increased to nearly £7,000 in November 2016, it reduced after that - to around £5,500 in April 2017 and around £4,800 in September 2017. Its checks also showed that Mrs B wasn't in any arrears or apparent financial difficulty, and they didn't indicate that she was relying on credit or building up unsustainable debt.

Before each credit limit increase, Vanquis also considered how Mrs B was managing her account with it. Its records show that she was paying on time, the balance stayed within the credit limit and usually well below it, and she regularly paid more than the minimum monthly payment. I don't consider that the way she was managing the account was "maxing out" the card as her representative has said, and I note that she was still using the card in late 2024, more than seven years after the final credit limit increase.

In the circumstances, I don't uphold this complaint. While I've found that Vanquis didn't always carry out proportionate checks before increasing the credit limit on Mrs B's account and it should reasonably have made more enquiries, I don't find I can fairly conclude that it was irresponsible in lending to Mrs B or in increasing the limit.

In reaching my conclusions, I've also considered whether the lending relationship between Vanquis and Mrs B might have been unfair to Mrs B in some other way, including under section 140A of the Consumer Credit Act 1974. However, for the reasons I've explained, I've not been persuaded that Vanquis lent to Mrs B irresponsibly or otherwise treated her unfairly in relation to this matter. And I haven't seen anything to suggest that section 140A or anything else would, given the facts of this complaint, lead to a different outcome here.

I can see that Vanquis has told Mrs B about sources of free debt advice, and I would remind it of its continuing obligation to treat her fairly, including considering appropriate forbearance, if she has difficulty making payments.

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 B to accept or reject my decision before 27 May 2025.

Janet Millington
Ombudsman