

## **The complaint**

Miss A's complaint is about a credit card issued to her by Vanquis Bank Limited in 2019. Miss A says Vanquis acted irresponsibly when it gave her a credit card, and then later increased her credit limit. To resolve the complaint Miss A would like Vanquis to refund all interest and any late payment charges.

## **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 Miss A 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 November 2019 Miss A opened a credit card account with Vanquis. It had a limit of £500. The limit was subsequently increased to £1,850 in March 2021

In March 2023, Miss A complained to Vanquis that the bank had acted irresponsibly in offering her the credit card and then raising her credit limit

The essence of Miss A's complaint was that at the time she took out the card, she was unemployed, and having the debt has caused her stress and impacted on her mental health due to struggling to meet the payments.

Vanquis didn't uphold the complaint, saying in its final response letter that it had assessed Miss A's financial circumstances before issuing the card, and confirmed she had never missed a payment to existing creditors, wasn't in any payment arrangements and never defaulted on a credit commitment. As far as the limit increase is concerned, Vanquis said it had conducted similar checks. Vanquis confirmed it wouldn't be making any refund of interest to Miss A.

Dissatisfied with the bank's response, Miss A referred her complaint to the Financial Ombudsman Service. An Investigator looked at what had happened. She wasn't entirely persuaded that either the initial granting of the facility or the limit increase had been assessed as thoroughly as they should have been. But she also concluded that had the lending decisions been more thoroughly assessed, the same decisions would still have been made, and would have been fair.

She considered whether Vanquis's treatment of Miss A in any other way might have resulted in an unfair relationship under s140.A of the Consumer Credit act 1974 (CCA), but didn't find anything.

Miss A asked for the complaint to be reviewed by an ombudsman.

## **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 entering into a credit agreement, and then when considering increasing her credit limit, Vanquis needed to check that Miss A 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 Miss A'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 Miss A'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 Miss A 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 Miss A 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)?

At the time of the application Miss A told Vanquis that she was unemployed, and in receipt of an income of £12,000. A credit check showed no CCJs, and she was neither in an Individual Voluntary Arrangement with her creditors, nor had she been declared bankrupt. After taking account of Miss A's household expenses, Vanquis concluded she had disposable income of about £346 per month.

Vanquis considered what Miss A 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 that Miss A would have any difficulty meeting her repayments for the level of credit offered out of her stated income. I also don't think there was anything in the information Vanquis had gathered about Miss A's circumstances that should have led it automatically to decline her application, or prompted it to complete further checks before entering into the agreement.

Vanquis hasn't said that it looked at the statements for Miss A's current account in the period leading up to the application. Miss A has provided statements from August, September and November 2019. As the latter would in all likelihood not have been available to Vanquis when assessing the application, I've considered the statements for August and September 2019. If anything they present a more favourable position than that which Vanquis assessed. The statements for August and September 2019 show that Miss A was actually receiving a salary from employment, income from benefits and funds transferred from an external source in her name. Overall, the statements indicate a likely disposable income of around £490. That's what Vanquis would have seen if it had carried out proportionate checks.

In the circumstances, the information that would have been available to Vanquis if it had completed proportionate checks suggests that Miss A could repay a balance of £500 within a reasonable period of time.

Altogether, considering the information about Miss A's income from the application form, what Vanquis saw on Miss A's credit file, the amount of credit it was offering, and the information her current account statements would have shown if they had been checked, I can't say that Vanquis made an irresponsible or unfair lending decision when it opened the account for Miss A.

As far as the limit increase in 2021 is concerned, it's not clear from the available evidence whether or not Vanquis carried out proportionate checks before applying the increase to the credit card account. At the same time, there's nothing to suggest that the decisions to increase the limit was unfair. The credit limit was well-utilised (around 92%) but payments to it had been regular, and the checks Vanquis did carry out indicated that Miss A's wider credit commitments were a little over £800, down from around £4,400 in 2019.

The current account statement Miss A has provided from that time indicates that her income was again, a combination of employment income and benefits, and that her available income to service the debt was around £577. Aside from anything else, that leads me to the possible conclusion that Miss A's description of herself as unemployed on the application form might have been an input error.

Put all of the above together and, in the circumstances, I'm not persuaded that Vanquis acted irresponsibly or unreasonably when it offered Miss A the facility, or when it increased the credit limit.

In reaching my conclusions, I've also considered whether the lending relationship between Vanquis and Miss A might have been unfair to Miss A under s.140A CCA. However, for the reasons I've explained, I've not been persuaded that Vanquis lent irresponsibly to Miss A, or otherwise treated her unfairly. Given this, I'm not persuaded that s.140A CCA would, given the facts of this complaint, lead to a different outcome.

### **My final decision**

My final decision is that I don't uphold this complaint.

This final decision concludes the Financial Ombudsman Service's review of this complaint. This means that we are unable to consider the complaint any further, nor enter into any discussion about it.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms A to accept or reject my decision before 14 May 2025.

Jeff Parrington

**Ombudsman**