

## **The complaint**

Mrs C complains that Vanquis Bank Limited irresponsibly provided her with a credit card account and increased her credit limit. She's said that the relationship between herself and Vanquis was unfair.

Mrs C is being supported in bringing her complaint by a professional representative (PR), however I have mainly referred to Mrs C throughout this decision.

## **What happened**

Mrs C took out a credit card with Vanquis in October 2015 and she was provided with a credit limit of £250. Her credit limit changed in the following way:

- May 2016 - increased to £500
- January 2017 - increased to £1,500
- June 2017 - increased to £2,500
- November 2018 - increased to £3,500

Mrs C says Vanquis didn't ask her to provide proof of her income before agreeing to lend to her. And she says she was only able to make the minimum repayments each month.

Vanquis didn't uphold Mrs C's complaint. It didn't think it had done anything wrong when it made the decision to provide Mrs C with the credit initially or increase her credit limit. And it didn't think that it had created an unfair relationship between the parties.

An Investigator considered the information provided by both parties, but they decided not to uphold the complaint. They explained that while they thought Vanquis ought to have carried out more checks before agreeing to lend to Mrs C, they didn't have enough information to know what further checks would have likely revealed, because Mrs C couldn't provide copies of her bank statements.

Mrs C didn't agree with the Investigator's view. She said that her credit limit was increased without her knowledge. She's said she couldn't afford the repayments which resulted in her missing payments, which led to arrears and high default payments.

Because an agreement couldn't be reached, the complaint has been passed to me to decide on the matter.

## **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.

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. And having done so, I won't be upholding Mrs C's complaint.

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

The checks had to be 'borrower' focused. This means Vanquis had to think about whether repaying the credit sustainably would cause difficulties or adverse consequences for Mrs C. In other words, it wasn't enough for Vanquis to consider the likelihood of it getting the funds back – it had to consider the impact of any repayments on Mrs C.

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 C.

Due to the time that's passed since the lending decisions took place, some of the information available to me is limited – and that's from both parties. For example, Vanquis can't provide me with information about what some of the credit searches it carried out would have showed, and Mrs C can't provide her bank statements which would have helped me understand more about her financial position at the time she took out the credit card and when Vanquis increased her credit limit. While this is unfortunate, it isn't surprising given the length of time that's passed. But this does make it difficult for me to know with certainty what happened at the time of the lending decisions. And ultimately, I can only order Vanquis to put things right where I'm satisfied it has done something wrong.

Did Vanquis complete reasonable and proportionate checks to satisfy itself that Mrs C would be able to repay the agreement in a sustainable way?

Vanquis has said that when Mrs C took out the credit card, she was earning £15,000 a year. It hasn't been able to provide this service with evidence of what the credit search it completed showed – given the time that's passed I don't draw anything negative from this. However, given that the credit limit it offered at account opening was £250, which was fairly low in comparison to her income, on balance, I think it's likely the check it completed was proportionate to the amount it agreed to lend. But, given that I haven't seen any evidence of the check it completed, and to give Mrs C the benefit of the doubt, I have carried out my investigation as though Vanquis didn't carry out proportionate checks.

In relation to all four credit limit increases that followed, I'm satisfied that Vanquis should have done more to check that the debt was affordable. From the information I've been provided with, it doesn't appear that Vanquis asked Mrs C about her income at the time it increased her credit limit. And while there isn't any specific regulation that says it must do this, the rules do say that a firm must take reasonable steps to determine the amount, or make a reasonable estimate, of the customer's current income. I think it would have been reasonable for Vanquis to have understood more about how much income Mrs C was receiving so it could reasonably understand if Mrs C could afford to sustainably repay the new limits. Especially given the levels it intended to increase Mrs C's limit to, and the length of time that had passed since it first provided the lending.

The rest of the information Vanquis had available to it does seem mixed. For example, I can see at times that Mrs C used a high percentage of the balance on her Vanquis account, prior to it agreeing to increase her limit. But, the reported balances on her external debt don't seem excessive (less than £1,500) prior to each lending decision – and the number of active

accounts she had was three for the first three increases and four by the fourth increase. The information Vanquis had available to it about how she managed her external accounts didn't indicate any major cause for concern.

That being said, I think the information Vanquis had about how she had managed her account with it, particularly prior to the final increase ought to have prompted it to carry out more checks. I say this because there had been occasional late payments and overlimit charges. And before the final increase was applied, Mrs C had three consecutive late payment charges. And so, I think this should have prompted Vanquis to carry out more checks to ensure Mrs C could afford the increases.

Overall, I'm satisfied that Vanquis should have carried out more checks to ensure Mrs C could afford to repay the credit limits offered to her in a sustainable way.

#### What would further checks likely have shown?

Because I've decided that Vanquis should have done more to check that the lending was affordable, I've next gone on to consider what further checks might have shown.

As I've explained, there isn't anything prescriptive in the rules that states what a firm must do to check affordability. But further checks could include something along the lines of an income and expenditure assessment. For me to be able to understand what Vanquis would likely have understood about Mrs C's financial position if it had carried out further checks, this Service has asked Mrs C if she can provide copies of her bank statements from the time of the lending decisions.

Mrs C has confirmed that her bank can't provide statements, due to the length of time that has passed. While I understand this will be disappointing for Mrs C, without bank statements, or anything else from the time to show her circumstances, I simply don't have enough information to show that the lending was unaffordable. I accept that some of the information Vanquis already knew about Mrs C might have suggested she was having difficulty managing her account, but without evidence to support what she's said about her overall financial position, such as bank statements, I can't fairly find that the lending was unaffordable.

Taking all this into consideration, I'm not persuaded the checks Vanquis carried out were enough, however Mrs C hasn't provided me with any information to suggest that she wouldn't be able to sustainably afford the repayments. So I don't find that Vanquis' lending decisions in this case were unfair or unreasonable.

I have also considered Mrs C's complaint about the relationship between her and Vanquis being unfair, however, for the reasons I've already given, I don't think Vanquis lent irresponsibly to Mrs C or otherwise treated her unfairly in relation to this matter. 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.

#### **My final decision**

For the reasons set out above, I don't uphold Mrs C's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 8 May 2025.

Sophie Wilkinson

**Ombudsman**