

The complaint

Mr H complains that Vanquis Bank Limited irresponsibly lent to him.

Mr H is represented by a claims management company in bringing this complaint. But for ease of reading, I'll refer to any submission and comments they have made as being made by Mr H himself.

What happened

Mr H was approved for a Vanquis credit card in February 2013 with a £250 credit limit. I have detailed the credit limit changes below:

August 2013	£250 to £500
May 2014	£500 to £1,500

Mr H says that Vanquis irresponsibly lent to him, and he made a complaint to Vanquis, who said he complained too late for them to consider the merits of his complaint. Mr H brought his complaint to our service. Vanquis gave our service their consent for us to consider the merits of Mr H's complaint.

Our investigator did not uphold Mr H's complaint. She said that Vanquis' checks were proportionate. Mr H asked for an ombudsman to review his complaint. He said he had multiple unpaid items and a payment reversal on his Vanquis credit card.

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 agreeing to approve or increase the credit available to Mr H, Vanquis needed to make proportionate checks to determine whether the credit was affordable and sustainable for him. There's no prescribed list of checks a lender should make. But the kind of things I expect lenders to consider include - but are not limited to: the type and amount of credit, the borrower's income and credit history, the amount and frequency of repayments, as well as the consumer's personal circumstances. I've listed below what checks Vanquis have done and whether I'm persuaded these checks were proportionate.

Acceptance for the Vanquis credit card

I've looked at what checks Vanquis said they did when initially approving Mr H's application. I'll address the credit limit increases later on. Vanquis said they completed a credit check with a Credit Reference Agency (CRA) and information that Mr H had provided before approving his application.

The information showed that Mr H declared he was employed with an annual household income of £30,000. The CRA showed he had no active unsecured debt at the time the

checks were completed. But the checks showed that Mr H had defaulted on two accounts, with the last default being 69 months prior to the checks.

It may help to explain here that, while information like a default on someone's credit file may often mean they're not granted further credit – they don't automatically mean that a lender won't offer borrowing. So I've looked at what other checks Vanquis made to see if they made a fair lending decision.

Based on Mr H not declaring his own personal income, and only the income of his household, I'm persuaded that it would have been proportionate for Vanquis to have carried out further checks to ensure he could sustainably afford repayments for a £250 credit limit, as none of his other household members would be responsible for making repayments on his Vanquis account.

There's no set way of how Vanquis should have made further proportionate checks. One of the things they could have done was to contact Mr H to ask him what his income was, and to ensure he could afford the repayments on his Vanquis account.

Mr H has confirmed that his annual income was around £30,000. So based on the checks showing no active unsecured debt at the time of the checks, and the £250 credit limit would have been less than 1% of his gross annual income, I'm persuaded that Vanquis' checks were proportionate, and they made a fair lending decision to approve the £250 credit limit.

August 2013 credit limit increase - £250 to £500

I've looked at what checks Vanquis said they did as part of this lending decision. The CRA reported Mr H had £100 of active unsecured debt. Vanquis would also have been able to see how Mr H used his Vanquis account since account opening. Mr H incurred no late or overlimit fees on this account since it was opened. It doesn't appear that any of Mr H's active accounts were in arrears at the time of the checks.

While Mr H didn't incur an overlimit fee, I can see that he did exceed his credit limit prior to this lending decision, but it appears this was an oversight as the following month's data showed that Mr H had repaid the majority of his outstanding balance, which would have been a lot more than his minimum requested repayment.

Although there was a payment reversal on 6 June 2013 which seems to have triggered an unpaid fee, Mr H made a successful repayment to his Vanquis account for the same amount only four days later. There was one cash withdrawal that Mr H made between his account being opened and the checks for this lending decision. But I'm mindful that cash withdrawals are a legitimate use of the account, therefore I'm not persuaded that it would be proportionate for Vanquis to make further checks based on one cash withdrawal.

So I'm persuaded that the checks Vanquis completed prior to this lending decision were proportionate, and they made a fair lending decision to increase Mr H's credit limit here.

May 2014 credit limit increase - £500 to £1,500

I've looked at what checks Vanquis said they did as part of this lending decision. The CRA reported that Mr H had £1,177 of active unsecured debt with third parties at the time they completed their checks.

No active accounts were in arrears at the time of the checks, and no active accounts had been in arrears for the six months prior to the checks as reported by the CRA Vanquis used.

Vanquis would also have been able to see how Mr H used his Vanquis account since the last credit limit increase.

Mr H had not incurred any late payment fees since the last lending decision. But he did incur two overlimit fees and he exceeded his credit limit in three separate months since the last lending decision. He also made seven transactions which incurred a cash advance fee.

The checks showed that Mr H had an active short term loan (potentially a payday loan) which could indicate Mr H was struggling financially at the time Vanquis completed their checks as part of this lending decision. So based on these reasons I'm persuaded that Vanquis should have completed further checks to ensure the credit limit increase was sustainable and affordable for him.

There's no set way of how Vanquis should have made further proportionate checks. One of the things they could have done was to contact Mr H to ask him why he had taken out a short term loan, why he'd made several cash transactions and why he was exceeding his credit limit. Or they could have asked for his bank statements as part of a proportionate check to ensure the lending was sustainable and affordable for him.

So I asked Mr H to provide his bank statements for the three months leading up to the acceptance of the Vanquis account, which Vanquis could have requested as part of a proportionate check. But Mr H was unable to provide these to me.

So on the face of it, it does look like Vanquis should've looked more closely into this. But as my role is impartial, that means I have to be fair to both sides and although I'm satisfied that Vanquis should've done more checks here – I can't say whether further checks would've revealed further information which means they wouldn't have lent. So as Mr H has been unable to provide me with his bank statements, that means that it wouldn't be fair for me to say that Vanquis shouldn't have lent here, because I don't know what further checks would reveal.

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 can't conclude that Vanquis lent irresponsibly to Mr H or otherwise treated him 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. So it follows I don't require Vanquis to do anything further.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 23 May 2025.

Gregory Sloanes
Ombudsman