

The complaint

Miss P complains that Vanquis Bank Plc (Vanquis) lent to her irresponsibly.

What happened

Miss P opened a credit card account with Vanquis on 13 April 2023 with a credit limit of £1,000.

On 1 November 2024, Miss P complained to Vanquis with the help of a professional representative saying it had lent to her irresponsibly. Miss P said that Vanquis had failed to check whether the credit was affordable for her.

Vanquis looked into Miss P's complaint and issued a final response letter explaining it believed it had acted fairly in providing the credit. Vanquis provided a summary of the checks it had conducted and felt the agreement was affordable for Miss P. It said it had confirmed the agreement was affordable by checking the information the credit reference agencies held about her, Asking her about her income and confirming this through the credit reference agencies and using data from the Office of National Statistics (ONS) to estimate Miss P's expenditure.

Miss P didn't accept what Vanquis said and referred her complaint to our service and one of our investigators looked into it.

Miss P didn't accept Vanquis' response, so she referred her complaint to our service with the help of her representative. One of our investigators looked into it, but based on the evidence available, our investigator said she couldn't reasonably conclude that the lending was irresponsible, or the relationship was unfair.

Miss P didn't accept what our investigator said, so she asked for a second opinion. As there was no agreement, the complaint has been passed to me for a decision.

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 think there are key questions I need to consider in order to decide what is fair and reasonable in this case:

- Did Vanquis carry out reasonable and proportionate checks to satisfy itself that Miss P was able to sustainably repay the credit?
- If not, what would reasonable and proportionate checks have shown at the time?
- Did Vanquis make a fair lending decision?
- Did Vanquis act unfairly or unreasonably towards Miss P in some other way?

Vanquis had to carry out reasonable and proportionate checks to satisfy itself that Miss P

would be able to repay the credit sustainably. It's not just about Vanquis assessing the likelihood of Miss P being able to repay the credit, but it had to consider the impact of the repayments on her.

There is no set list of checks that it had to do, but it could take into account several different things such as the amount and length of the credit, the amount of the monthly repayments and the cost of the credit.

Did Vanquis carry out reasonable and proportionate checks to satisfy itself that Miss P was in a position to sustainably repay the credit?

Vanquis has explained that it carried out a full credit search to get an understanding of Miss P's situation before it decided to lend to her. It said this revealed her level of active borrowing was reasonable to her income, she had no County Court Judgements (CCJs) debt management plans, bankruptcies, or IVAs. But it did find a default that had occurred around 43 months before it's lending decision. Given the historic nature of the default, Vanquis was content to continue with its checks.

Before lending to Miss P Vanquis asked her about her income and she declared that she had an annual income of £33,200. They verified this using the credit reference agencies (CRA) and calculated her expenditure using the CRA data and data from the ONS.

As a starting point, I've seen the credit file results and can confirm that except for the default, there was no adverse information or recent missed payments showing on the information available to Vanquis at that time. I can see Miss P had a reasonable level of unsecured debt. But her repayments were up to date, and I can see the new account came with a balance transfer offer that she went on to use.

Vanquis applied estimates for Miss P's regular living expenses and income using nationally recognised statistics and information from the credit reference agencies. This is an approach it's allowed to take under the relevant lending rules. I understand Miss P's representatives have raised concerns about that approach, but I'm satisfied it was reasonable in addition to the other information Vanquis used when considering the application.

Having considered the calculations myself it appears Vanquis also applied a buffer to allow for any unforeseen expenditure and still considered that Miss P would have around £835 in disposable income.

In my view, the checks Vanquis completed were reasonable and proportionate to the amount and type of credit it went on to approve. And I'm satisfied the decision to approve a new credit card with a limit of £1,000 was reasonable based on the information Vanquis obtained about Miss P's circumstances. I'm very sorry to disappoint Miss P but overall, I'm not persuaded that Vanquis created unfairness in its relationship with Miss P as a result of its decision to lend to her.

Did VANQUIS act unfairly or unreasonably towards Miss P in some other way?

While there was the occasional late payment and one over limit fee, I can see that Miss P made regular payments to her account until the complaint was made. I can see that Vanquis refunded charges applied to the account when Miss P contacted it and wrote to her about the potential costs of just making the minimum repayments to the account. I think that shows Vanquis was attempting to treat her fairly and I've not seen evidence to suggest that Vanquis treated her unfairly in some other way.

Overall, and based on the available evidence I don't find that Vanquis has acted unfairly in this case. It's not clear enough to me that Vanquis created unfairness in its relationship with Miss P by lending to her irresponsibly and I don't find Vanquis treated Miss P unfairly in any other way either based on what I've seen.

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 Miss P to accept or reject my decision before 25 July 2025.

Charlotte Roberts
Ombudsman