

Complaint

Mr R has complained about a credit card Vanquis Bank Limited ("Vanquis") provided to him. He says that the credit card and the subsequent limit increase were unaffordable for him and this resulted in ongoing difficulties.

Background

Vanquis provided Mr R with a credit card with an initial limit of £500 in August 2013. Mr R's credit limit was then increased to £1,500.00 in September 2014. In August 2024, Mr R complained saying that the credit card and the limit increases Vanquis provided were unaffordable for him and caused him continued financial difficulty as he had to borrow from friends, family and other lenders in order to make his payments.

Vanquis did not uphold Mr R's complaint. It was satisfied that proportionate checks had been carried out at the time of Mr R's application as well as when he was offered the limit increases and so it was reasonable to lend. When responding to our request for its file on Mr R's complaint, Vanquis told us that it believed Mr R had complained about the initial decision to provide the card and the first limit increase too late.

One of our investigators reviewed what Mr R and Vanquis had told us. And he thought Vanquis hadn't done anything wrong or treated Mr R unfairly in relation to providing the credit card or increasing Mr R's credit limit. So he didn't recommend that Mr R's complaint be upheld. Mr R disagreed and asked for an ombudsman to look at the complaint.

My findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Basis for my consideration of this complaint

There are time limits for referring a complaint to the Financial Ombudsman Service. Vanquis has argued that Mr R's complaint about the initial decision to provide the card and the first limit increase was made too late because he complained more than six years after these lending decisions; as well as more than three years after he ought reasonably to have been aware of his cause to make this complaint.

Our investigator explained why it was reasonable to interpret Mr R's complaint as being one alleging that the relationship between him and Vanquis was unfair to him as described in s140A of the Consumer Credit Act 1974 ("CCA"). He also explained why this complaint about an allegedly unfair lending relationship had been made in time.

Having carefully considered everything, I've decided not to uphold Mr R's complaint. Given the reasons for this, I'm satisfied that whether Mr R's complaint about the specific lending decisions was made in time or not has no impact on that outcome.

I'm also in agreement with the investigator that Mr R's complaint should be considered more broadly than just the lending decisions. I consider this to be the case as Mr R has not only complained not about the respective decisions to lend but has also alleged that this unfairly impacted upon his financial position moving forward.

I'm therefore satisfied that Mr R's complaint can therefore reasonably be interpreted as a complaint about the overall fairness of the lending relationship between him and Vanquis. I acknowledge Vanquis may not agree that we can look at parts of Mr R's complaint, but given the outcome I have reached, I do not consider it necessary for me to make any further comment, or reach any findings on these matters. This includes Mr R's comments on whether he was able to complain within the time limit as it makes no difference to the overall outcome.

In deciding what is fair and reasonable in all the circumstances of Mr R's case, I am required to take relevant law into account. As, for the reasons I've explained above, I'm satisfied that Mr R's complaint can be reasonably interpreted as being about the fairness of the lending relationship between him and Vanquis, relevant law in this case includes s140A, s140B and s140C of the CCA.

S140A says that a court may make an order under s140B if it determines that the relationship between the creditor (Vanquis) and the debtor (Mr R), arising out of a credit agreement is unfair to the debtor because of one or more of the following, having regard to all matters it thinks relevant:

- any of the terms of the agreement;
- the way in which the creditor has exercised or enforced any of his rights under the agreement;
- any other thing done or not done by or on behalf of the creditor.

Case law shows that a court assesses whether a relationship is unfair at the date of the hearing, or if the credit relationship ended before then, at the date it ended. That assessment has to be performed having regard to the whole history of the relationship. S140B sets out the types of orders a court can make where a credit relationship is found to be unfair – these are wide powers, including reducing the amount owed or requiring a refund, or to do or not do any particular thing.

Given Mr R's complaint, I therefore need to think about whether Vanquis' decision to initially lend to Mr R, increase his credit limit on the occasions it did, or its later actions resulted in the lending relationship between Mr R and Vanquis being unfair to Mr R, such that it ought to have acted to put right the unfairness – and if so whether it did enough to remove that unfairness.

Mr R's relationship with Vanquis is therefore likely to be unfair if it didn't carry out reasonable and proportionate checks into Mr R's ability to make his repayments in circumstances where doing so would have revealed the credit card or the limit increases to be unaffordable, or that it was irresponsible to lend. And if this was the case, Vanquis then didn't somehow then remove the unfairness this created.

I've considered Mr R's complaint in this context.

Were the decisions to provide the credit card and subsequent credit limit increase unfair?

We've explained how we handle complaints about unaffordable and irresponsible lending on our website. And I've used this approach to help me decide Mr R's complaint.

Vanquis needed to make sure it didn't lend irresponsibly. In practice, what this means is Vanquis needed to carry out proportionate checks to be able to understand whether Mr R could afford to repay any credit it provided. 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.

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 it didn't continue to lend to a customer irresponsibly.

Vanquis says it initially agreed to Mr R's application after it obtained information on his income and carried out a credit search. And the information obtained indicated that Mr R would be able to make the low monthly repayment due on this credit card. It says similar checks were carried out before Mr R's credit limit was increased on the occasions that it was and these checks also showed the limit increases to be affordable. On the other hand, Mr R says that credit card and limit increases were unaffordable and that they caused him ongoing financial difficulty as a result.

I've considered what the parties have said.

Vanquis' initial decision to offer Mr R a credit card

What's important to note is that Mr R was provided with a revolving credit facility rather than a loan. And this means that to begin with Vanquis was required to understand whether a credit limit of £500 could be repaid within a reasonable period of time, rather than in one go. It's fair to say that a credit limit of £500 required low monthly payments in order to clear the full amount that could be owed within a reasonable period of time.

I've seen records of the information Vanquis obtained from Mr R about his income and what was on the credit search carried out. The credit search did show that Mr R had had previous difficulties with credit in the form of at least one defaulted account. However, the latest default was from almost two years prior to this application. So I don't think that this information in itself suggested that Mr R shouldn't have been lent to.

The credit search also showed that Mr R had some active credit at this stage. But this wasn't a high amount and the active commitments he had were also being relatively well maintained. Vanquis says that Mr R declared a salary of £30,000.00 a year and this combined with the credit file information meant that it was reasonable to conclude that Mr R could afford the repayments he could have to make. Having reviewed the information obtained, I'm in agreement with this conclusion.

As this is the case, I'm satisfied that it was unfair for Vanquis to offer Mr R a credit card with a limit of £500 and therefore there was no unfairness created at this stage.

The credit limit increase Vanquis offered to Mr R

As I've explained in the background section of this decision, Vanquis increased Mr R's credit limit to £1,500.00 in September 2014.

Bearing in mind the extra being granted at the time of the this limit increase and the fact that Mr R could be left with having to repay £1,500.00, I do think that it would have been reasonable and proportionate for Vanquis to have found out a bit more about Mr R's regular living costs before offering this increase. As I can't see that this was something that Vanquis

did do, I don't think that it carried out reasonable and proportionate checks before providing these increases to Mr R.

That said, I've not been provided with anything that clearly shows Mr R's regular non-discretionary living costs were higher than what Vanquis believed at the time of his application. Indeed, it's worth noting that Mr R was making payments commensurate with the increased limit increase in the periods leading up to it.

I accept that Mr R says that his actual circumstances at the time were worse than what this information shows. Nonetheless, I don't think that Vanquis was aware of this. As I can't see that Mr R's actual living expenses and non-discretionary expenditure were higher than what Vanquis believed them to be, I don't think that Vanquis could reasonably be expected to know that Mr R's circumstances were worse than what proportionate checks are likely to have shown, or that this may have resulted in the limit increase being unaffordable.

So I can't see that requesting further information about Mr R's actual living costs, would have shown Vanquis that it shouldn't have offered to increase Mr R's credit limit. Consequently, I've not been persuaded that it doing more here would, in any event, have made a difference to its decision and I don't think that it was unfair for Vanquis to offer the credit limit increase, or that it doing so created unfairness either.

Overall, and based on the available evidence I don't find that Mr R's relationship with Vanquis was unfair. I've not been persuaded that Vanquis created unfairness in its relationship with Mr R by irresponsibly lending to him whether when initially agreeing to provide him with a credit card, or in respect of the credit limit increase. I don't find Vanquis treated Mr R unfairly in any other way either based on what I've seen.

So overall and having considered everything, while I can understand Mr R's sentiments and appreciate why he is unhappy, I'm nonetheless not upholding this complaint. I appreciate this will be very disappointing for Mr R. But I hope he'll understand the reasons for my decision and that he'll at least feel his concerns have been listened to.

My final decision

For the reasons I've explained, I'm not upholding Mr R's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 24 November 2025.

Jeshen Narayanan
Ombudsman