

The complaint

Miss M complains Vanquis Bank Limited (“Vanquis”) didn’t carry out adequate affordability assessments both when she applied for an account and when her credit limit was increased multiple times. She’s assisted in bringing this case by legal representatives.

What happened

Miss M took out a credit card account with Vanquis in October 2014. There were several increases in the credit limit. The last one being in October 2016 to £3500. Arrears built up on the account and a notice of default was sent to Miss M on 22 September 2017. Miss M complained to Vanquis in 2024 as she thought she’d been a victim of irresponsible lending.

In their Final Response Letter Vanquis told Miss M it thought it couldn’t consider the complaint as it had been made too late. After she referred her complaint to this service Vanquis consented to us investigating the merits of her complaint. Vanquis sent us historical information from its records and from credit searches and stated that, as some of the lending decisions were over six years old, the information available was limited. Vanquis said it didn’t request income evidence from customers prior to an application. And that it was the responsibility of a customer to ensure the information they gave was accurate and correct.

Our investigator didn’t uphold the complaint. She found Vanquis hadn’t acted unfairly when approving Miss M’s application and the increases of the credit limit to £1750. In respect of the limit increases thereafter, up to £3500, she thought, although Vanquis completed further checks with Credit Reference Agencies and reviewed how Miss M was managing her account, she couldn’t see that it had completed any verification checks of Miss M’s total income and expenditure prior to any lending decisions. And, although she didn’t think it was unreasonable for Vanquis to conclude the minimum payments were affordable, she thought it would have been proportionate for Vanquis to have verified Miss M’s income or, at the very least, asked about her committed expenditure to other creditors before approving credit limits of that size. The investigator asked Miss M for information about her circumstances at the time to determine what Vanquis would’ve seen if they’d enquired. But Miss M didn’t provide it. So, the investigator thought it wasn’t possible to determine whether Vanquis had made a fair lending decision. So, she wasn’t persuaded it had acted unfairly here.

Miss M didn’t agree. She re iterated the points made in her original complaint. She said the significant and frequent increases granted over a two year period were done despite clear signs such levels of borrowing were unsuitable for her. She thought her circumstances particularly her low and unstable income should have warranted greater scrutiny. She didn’t think the absence of recent adverse credit and her regular payments alone indicated financial resilience or an ability to manage increasingly higher levels of credit. Or that her account being managed without arrears or overlimit fees painted the full picture. And, although she didn’t provide the further financial information our investigator had requested, her representatives thought the information available was sufficient to raise concerns about the adequacy of the affordability assessments in her case. She asked for an ombudsman to make a final decision on the information.

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.

Having done so, I've concluded this isn't a complaint I can properly uphold. I'll explain why.

The investigator has summarised the approach this service takes to complaints about unaffordable and irresponsible borrowing. She's also accurately set out, in her view, the details of the credit agreement - both the initial amount and the five credit limit increases - so I shan't repeat that here.

Miss M's application for credit was some time ago so I've considered all the information currently available to me. I've looked at both the initial grant of credit and the numerous increases over time when thinking about whether Vanquis completed proportionate and reasonable checks to satisfy itself that Miss M would be able to repay the card in a sustainable way.

In respect of the initial application and the increases in the credit limit up to and including July 2015, the following satisfy me Vanquis carried out appropriate checks which were proportional to the credit limits granted.

- The application data shows a credit file check at the time of application showing no CCJ or defaults in the 3 years immediately before the application. Miss M's last CCJ was 49 months before and the last default 55 months before this application.
- Miss M self-declared her income from part time employment.
- If the full initial credit were used, on the income information Miss M provided to Vanquis at the time of the application, she had enough declared income to sustain the account.
- There were no strong indicators of financial difficulty. Her credit file search showed two other credit accounts with no recent arrears and there was a low overall indebtedness across the accounts. And there were no bankruptcy flags.
- In the time between the default on Miss M's credit file and recent months leading up to this application, her management of her active credit accounts on the credit file showed no concerns.
- At the point of increases in February 2015 and July 2015 the credit file search continued to show no adverse entries. There were no recent arrears, late or overlimit fees charged and, at times, Miss M made over payments. All this suggested the borrowing and limits set were affordable for Miss M.

So, across the above timeframe I don't think it's reasonable to say Vanquis acted unfairly.

After this there were three further increases in December 2015, May 2016 and the final increase of the limit - to £3500 - in October 2016. The records from Vanquis show Miss M continued to make overpayments on the account and managed it so payments were made on time and it remained within the credit limit. Her credit file, which Vanquis checked, showed there were no new CCJ's or defaults. But these further increases, which Miss M's account management and credit file suggested were affordable, amounted to a more significant level of borrowing.

Given this, I think, it would've been proportionate for Vanquis to undertake an affordability check. But I can't see they did that. There's nothing to show Vanquis undertook any verification of Miss M's income and expenditure before making these decisions about lending more to her from December 2015 onwards. I think it would've been proportionate for Vanquis to do so, before making decisions to grant credit limits of this size.

Whilst I feel Vanquis' checks after December 2015 weren't proportionate, it doesn't automatically mean the lending was unaffordable or unsustainable for Miss M. That's dependant on a number of factors, one of which being Miss M's financial situation at that time. That's why our investigator asked to see more evidence, so we can recreate what would've been reasonable checks. Whilst I note Miss M's representatives point - that the current information available is sufficient to raise concerns - I don't think that alone it's enough to make my decision.

It remains the case that Miss M hasn't provided us with the requested information to enable me to recreate those checks. So, I don't have a complete picture of what Vanquis *should've* known at the time of offering Miss M the credit limit increase. So, in turn, I can't say with certainty that the lending decision *would've* been unaffordable or irresponsible.

Without the further details from Miss M, it's not possible for me to determine whether there was anything Vanquis may have found, had it completed verification checks of her total income and expenditure, before making the decisions to increase the credit limits on those final three occasions. So, on the information before me, I can't be sure Vanquis acted unfairly.

The default of the account is in line with the guidance issued by the Information Commissioners Office. And the later sale of the account to a debt purchaser is a commercial decision for the business and, as such, not something this service would comment upon.

As a final exercise, I've also thought about whether Vanquis, in any other way, acted unfairly or unreasonably towards Miss M. Particularly, whether its relationship with her might have been unfair. But, for the same reasons I've set out above, I'm not persuaded that this was likely to have been the case. So, I'm not going to uphold this complaint.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 23 July 2025.

Annabel O'Sullivan
Ombudsman