

## **The complaint**

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

Mr L is represented by a solicitor's firm 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 L himself.

## **What happened**

Mr L was approved for a Vanquis credit card in January 2020 with a £1,000 credit limit. The credit limit was increased to £1,750 in January 2022. Mr L says that Vanquis irresponsibly lent to him, and he made a complaint to Vanquis, who did not respond to his complaint. Mr L brought his complaint to our service

Our investigator did not uphold Mr L's complaint. She said that Vanquis made fair lending decisions. Mr L asked for an ombudsman to review his complaint. He said he had a poor credit history and excessive debt at the time Vanquis approved his application. He said Vanquis should have completed a more thorough affordability check, especially given his previous history of financial difficulty.

Mr L said that at the time of the application he was already servicing a loan and a credit card, and this should have been factored in by Vanquis who did not account for the risks in approving him with the initial limit, or the credit limit increase. He said his bank balance was 74p on 31 January 2020.

## **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 L, 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 L's application. Vanquis said they completed a credit check with a Credit Reference Agency (CRA) and information that Mr L had provided them before approving his application.

The information showed that Mr L declared a net monthly income of £1,600. There were no County Court Judgements (CCJ's) being reported by the CRA that Vanquis used. But they did report that Mr L had defaulted on two accounts previously, with the last default being registered 44 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.

The checks showed that Mr L had active outstanding unsecured debt at the time of the checks of £438. None of Mr L's accounts were in arrears at the time of the checks, and none of his accounts had been in arrears for the 12 months prior to the checks.

I've considered what Mr L has said about him servicing a credit card and a loan at the time he applied for the Vanquis account. But the CRA Vanquis used did not report that Mr L had an active credit card or loan at the time of the checks. That's not to say that Mr L wasn't servicing the debt he's told us about, but Vanquis would not reasonably be aware of this as it would be proportionate for them to rely on the data from the CRA. Different lenders may not report account information to all of the CRA's. So I could not hold Vanquis responsible for this.

But one of Mr L's accounts had exceeded its credit limit at the time of the application checks by £82. So this could be a sign of financial difficulty, or it could have been an oversight from Mr L. So I'm persuaded that Vanquis should have completed further checks to ensure repayments for a £1,000 credit limit would be affordable and sustainable 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 L to ensure that he could afford the repayments on his Vanquis account for an increased 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.

Although Mr L has said his balance was 74p at the end of January 2020, his Vanquis account was opened on 25 January 2020, therefore it wouldn't be foreseeable to Vanquis what his balance would be after the account had been opened. Even if Vanquis did request his statements, his January 2020 bank statement wouldn't have been produced prior to the application checks.

Mr L has forwarded some bank statements to our service. But it is not clear from the statements if they are actually his bank statements. I say this because the name on the complaint he brought to our service (and shown on Vanquis' documents and the documents from the solicitor acting on his behalf) does not match up with the name displayed on the statements.

So I asked Mr L if he could forward the bank statements showing his name. I also asked that if those were his bank statements, if he could provide an explanation why the names differed (and to provide evidence that was him). I also requested his bank statements from October 2019.

But Mr L did not respond to my request by the deadline I set, even though I extended the deadline for him. 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 L hasn't provided me with the information I asked for, 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.

### *January 2022 credit limit increase - £1,000 to £1,750*

The data shows that Mr L's active unsecured debt had risen to £3,510 at the time of the checks. Mr L declared a total net income of £1,800 a month. So his active debt to net annual income ratio was around 16.3%. Vanquis completed an affordability assessment using information from Mr L, and information from the CRA's/modelling to calculate his outgoings. They were also aware that Mr L had reported he had three dependents. The affordability assessment showed that Mr L would have £694.68 of monthly disposable income, which this would be more than 38% of his net monthly income he declared.

Vanquis would have also seen how Mr L managed his account since it had been opened. Mr L did not incur any late payment or overlimit fees, He also sometimes made repayments which appeared to be a lot more than his minimum requested repayments, including repayments of £250 in both November and December 2021, just before his credit limit was increased.

The CRA reported Mr L was not in arrears on any of his active accounts at the time of the checks, and he hadn't been in arrears on any of these accounts in the six months prior to these checks. So it would not have been proportionate for Vanquis to have completed any further checks here.

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

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 L 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 L to accept or reject my decision before 24 June 2025.

Gregory Sloanes  
**Ombudsman**