

The complaint

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

Mr S is represented by a solicitors 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 S himself.

What happened

Mr S was approved for a Vanquis credit card in September 2016 with a £250 credit limit. Mr S 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 S brought his complaint to our service. Vanquis gave our service their consent for us to consider the merits of Mr S' complaint.

Our investigator did not uphold Mr S' complaint. She said that Vanquis' checks were proportionate. Mr S asked for an ombudsman to review his complaint. He forwarded us his bank statements prior to the lending decision which he says showed multiple instances of him being overdrawn, him making several gambling transactions, and reliance on payday lending.

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 the credit available to Mr S, 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.

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

The information showed that Mr S declared he was employed with an annual household income of £14,000. The CRA showed he had £3,144 of active unsecured debt at the time the checks were completed.

None of Mr S's active accounts were in arrears when the checks were completed, and the data showed they hadn't been in arrears for the 12 months prior to the initial lending checks. There were no defaults or County Court Judgements for Mr S showing from the CRA.

But based on Mr S 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 S to ask him what his income was.

As Mr S has provided his bank statements I've looked to see if the income on then bank statements is consistent with a £14,000 personal income, in the event Mr S put his personal income in the household annual income field.

As Mr S' bank statements are consistent with the £14,000 gross annual income, then I'm persuaded that if Vanquis would have rung Mr S to ensure it was actually his sole income in the household income field, then he would have been able to confirm to Vanquis he actually earned around £14,000 gross annual income.

But it wouldn't have been proportionate for Vanquis to request Mr S' bank statements just to find out whether the household income was his sole income, especially given there was no adverse information being reported from the CRA Vanquis used.

So as it wouldn't have been proportionate for Vanquis to ask for Mr S' bank statements they wouldn't be aware of any prolonged use of his overdraft (they were aware he was in his overdraft at the time of the checks, but the checks didn't show for how long, and he wasn't utilising all of his overdraft. They would also not be aware of any reliance Mr S had on payday loan lenders, as the CRA did not report Mr S as having any payday loans at the time of the checks. And they wouldn't be aware of any gambling activity on his bank account.

So it wouldn't be proportionate to uphold Mr S' complaint based on retrospective bank statements when it wouldn't have been proportionate for Vanquis to have requested these. It would only have been proportionate for them to contact Mr S for verbal confirmation of his sole annual income.

The £250 credit limit would have been less than 2% of the £14,000 gross annual income. So while Vanquis should have completed further checks here, I'm persuaded on the balance of probabilities that Mr S would have confirmed he personally earned around a £14,000 gross annual income, and Vanquis made a fair lending decision based on the data they had.

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 S 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 S to accept or reject my decision before 21 May 2025.

Gregory Sloanes
Ombudsman