

The complaint

Mr S complains Vanquis Bank Limited (“Vanquis”) lent to him irresponsibly.

Mr S is represented by a professional third party, but for ease of reference, I’ll mostly refer to Mr S throughout.

What happened

In February 2019 Mr S applied for a credit card with Vanquis. The application was approved, and he was provided with an initial credit limit of £1,000.

In July 2019 the credit limit was increased to £1,500 and in November 2019 it was increased again to £2,500. In December 2022 the account was sold to a third party as payments to the account had stopped.

Mr S complained to Vanquis in September 2024. He said he wasn’t asked to provide proof of income when the account was opened, and the decision to lend was unfair and irresponsible. He asked for a refund of all interest and charges.

Vanquis responded in October 2024 rejecting the complaint. They said at the time of application Mr S declared an annual income of £45,000, active debt was around £3,100 and there was a CCJ and default recorded, but they were historic. They said their checks were proportionate and a fair decision to lend was made.

They also went into detail around their ‘low and grow’ policy and giving access to credit for those who may struggle otherwise. They completed the same checks for both increases and were satisfied that both of these were proportionate and fair too.

Mr S was unhappy with the response, so he referred the complaint to our service. An Investigator here looked into things. They considered the complaint and agreed with Vanquis – that the checks were proportionate and a fair decision to lend was made for both the account opening and the limit increases.

Mr S disagreed with the opinion of the Investigator – he said he believed the sale of the credit was pressured and there wasn’t an adequate explanation of the terms and conditions at the point of sale. He also raised further points that hadn’t been raised to Vanquis. The Investigator advised for those additional complaint points, Mr S would need to go back to Vanquis directly before our service can consider them.

Because an agreement couldn’t be reached, the complaint has been passed to me to decide.

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 reached the same conclusion as the Investigator. I appreciate this is likely to come as a disappointment to Mr S, but I'll explain my reasons why below.

The rules and regulations in place at the time Vanquis provided Mr S with the credit card and subsequent increases required them to carry out a reasonable and proportionate assessment of whether he could afford to repay what he owed in a sustainable manner. This is sometimes referred to as an 'affordability assessment' or 'affordability check'.

The checks had to be 'borrower' focused. This means Vanquis had to think about whether repaying the credit sustainably would cause difficulties or adverse consequences for Mr S. In other words, it wasn't enough for Vanquis to consider the likelihood of them getting the funds back or whether Mr S' circumstances met their lending criteria – they had to consider if Mr S could sustainably repay the lending being provided to him.

Checks also had to be 'proportionate' to the specific circumstances of the lending. In general, what constitutes a proportionate affordability check will be dependent on a number of factors including – but not limited to – the particular circumstances of the consumer (e.g. their financial history, current situation and outlook, any indications of vulnerability or financial difficulty) and the amount/type/cost of credit they were seeking. I've kept all of this in mind when thinking about whether Vanquis did what was needed before lending to Mr S.

Account opening

When Mr S applied for the account, Vanquis used both credit reference agency (CRA) data and information input by Mr S to build a picture of his financial circumstances and affordability assessment at the time.

Mr S declared an annual income of £45,000 in full-time employment. Mr S didn't input any information regarding his housing costs or dependents. Vanquis saw Mr S had a county court judgement (CCJ) 39 months prior to the application and a default 48 months prior. They'd calculated his current monthly credit commitments were costing him around £140 per month.

I believe the checks Vanquis carried out were proportionate, and considering the amount being provided to Mr S, and the information they gathered in these checks, I don't think they acted unfairly when providing Mr S with the credit card. I say this because it was for a relatively modest amount of £1,000, and although there were some signs of financial difficulty in the past, everything in recent months had been much improved. It wouldn't be a significant cost for Mr S to repay this credit in a reasonable period of time based on his salary and existing credit commitments.

Therefore, I'm satisfied that the checks for account opening were proportionate and a fair decision to lend was made.

Credit limit increase one

I'll now move on to the credit limit increase. The credit limit increase was offered around five months after the account was opened, so I wouldn't necessarily have expected Vanquis to have gone back out to Mr S and asked for details of his income and expenditure again. They did conduct CRA checks which showed Mr S' total existing credit commitments to have increased to around £14,000, but it was all well managed with no new late payments and no new adverse information recorded externally.

Also, in the lead up to the increase, Mr S was making significant overpayments. What I mean by this is, Vanquis will expect a minimum repayment to be made each month, but Mr S

was paying them far higher than this – around 2885% of the total due. On top of this, Mr S was only using, on average, around 47% of the available credit limit.

Mr S had demonstrated by his account management up until the point of increase he had enough disposable income to repay the debt by paying well over the minimum required and the fact he wasn't using the full limit available to him also showed Vanquis he wasn't in a desperate financial situation where he required money. So, they didn't ask for additional information before offering the limit increase as there was nothing in the credit checks or the account management to indicate that was necessary.

Therefore, based on everything I've said above, I'm satisfied the checks carried out were proportionate and a fair decision to lend was made.

Credit limit increase two

When considering the second credit limit increase, I've taken into account the same factors as I did for account opening and credit limit increase one.

Having done so, much of the external CRA data Vanquis got was much the same as it was in July 2019 when the limit was first increased. No new adverse information and the levels of external debt were around the same level.

I've looked at how the account was managed – and again Mr S was making significant overpayments – this time around 5567% of the minimum due. He also wasn't using the limit to its full capacity. On average he utilised just 67% of the limit available.

Considering this, it would be difficult to argue that Mr S was struggling financially when there's nothing to indicate to Vanquis this was the case – either internally or externally. I'm not disputing Mr S was struggling, but on the face of it everything was being well managed and Mr S could more than afford the increases offered based on his repayment history. So because of this, I think Vanquis' checks were proportionate and a fair decision to lend was made.

I've noted Mr S' comments regarding the sales being pressured, but there's no evidence Mr S interacted with Vanquis at the point of application, other than to complete an online form. Vanquis aren't required to read the terms and conditions to Mr S, but he will have been provided these at the time and ask to confirm he's seen them and understood them. There are no notes that Mr S has ever made Vanquis aware of his vulnerability.

I can see Mr S has complained about the way Vanquis handled his account after he went into difficulty, but as the Investigator has already advised, he'd need to raise this separately with Vanquis.

In reaching my conclusions, I've also considered whether the lending relationship between Vanquis and Mr S might have been unfair to Mr S under s140A of the Consumer Credit Act 1974 ("CCA"). However, for the reasons I've already explained, I'm satisfied that Vanquis did not lend irresponsibly when providing Mr S with the credit card, or by increasing his credit limit. And I haven't seen anything to suggest that s140A CCA would, given the facts of this complaint, lead to a different outcome here.

So while it'll likely come as a disappointment to Mr S, I won't be upholding his complaint against Vanquis for the reasons explained above.

My final decision

It's my final decision that Vanquis Bank Limited didn't act unfairly when providing Mr S with a credit card, or by increasing the credit limit on two occasions.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 31 July 2025.

Meg Raymond
Ombudsman