DRN-5486360

The complaint

Mrs B complains that Vanquis Bank Limited provided her with an unaffordable credit card.

Mrs B's complaint has been brought by a professional representative, but for ease I'll refer to all submissions as though they are her own.

What happened

Vanquis provided Mrs B with a credit card and credit limits with the following details:

Date	Lending Decision	Credit Limit
September 2014	Original limit	£250
October 2015	1st limit increase	£1,000
March 2018	2nd limit increase	£1,750

Mrs B complained to Vanquis in August 2024 about irresponsible lending. She said that Vanquis had failed to conduct proportionate checks in line with its regulatory obligations before providing her with the initial credit card limit and credit limit increases. Mrs B said had it completed proportionate checks it should have identified that these limits were unaffordable for her.

Vanquis issued Mrs B with its final response in September 2024 in which it didn't uphold her complaint. In summary, it said its checks were proportionate to the terms of lending it was providing and that it had gone on to make fair lending decisions when providing Mrs B with these credit limits.

Unhappy with Vanquis' response Mrs B referred her complaint to our service.

Our investigator reviewed the details and didn't uphold Mrs B's complaint. He considered Vanquis' checks were reasonable and proportionate in each event, and that it had gone on to make fair lending decisions when providing Mrs B with each credit limit.

Vanquis didn't respond to our investigator's view; Mrs B responded and disagreed. In summary, she maintained her position that these credit limits were unaffordable for her. Mrs B pointed to Vanquis not obtaining details about her health situation, that her income was at least in part made up of state benefits, and that she was borrowing money from other lenders to make ends meet.

Our investigator considered the points Mrs B raised and set out why his view remained the same.

Mrs B asked for an ombudsman's review, so 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.

The information in this case is well known to Mrs B and Vanquis, so I don't intend to repeat it in detail here. I've focused my decision on what I consider to be the key points of this complaint; so, while my decision may not cover all the points or touch on all the information that's been provided, I'd like to assure both parties I've carefully reviewed everything available to me. I don't mean to be discourteous to Mrs B or Vanquis by taking this approach, but this simply reflects the informal nature of our service.

We've set out our approach to complaints about irresponsible and unaffordable lending as well as the key rules, regulations and what we consider to be good industry practice on our website; and I've seen our investigator made Mrs B and Vanquis aware of this approach within their view.

Essentially Vanquis needed to take reasonable steps to ensure the lending it provided Mrs B was responsibly lent. The relevant rules, regulations, and guidance in place during Vanquis' lending decisions required it to carry out proportionate checks. These checks needed to assess Mrs B's ability to afford the credit limit being provided and repay it sustainably, without causing her financial difficulties or harm.

There isn't a set list of checks a lender needs to carry out, but they should be proportionate, considering things like the type, amount, duration, and total cost of the credit, as well as the borrower's individual circumstances.

I've followed this approach when considering Mrs B's complaint and I've set out my findings below under separate headings for ease.

The lending decisions

Vanquis obtained Mrs B's declared income at the point of the original lending decision and completed a credit check. For the credit limit increases Vanquis completed updated credit checks and reviewed Mrs B's management of the existing facility.

Vanquis says its checks were proportionate and that it went on to make fair lending decisions when providing Mrs B with these credit limits.

I've carefully considered the information available to me; having done so, I'm not persuaded that Vanquis' checks were proportionate when it increased Mrs B's credit limits. However, for reasons I'll go on to explain, I don't consider it made unfair lending decisions when providing Mrs B with any of the credit limits.

I say this because when Mrs B initially applied for this credit card in September 2014, she provided Vanquis with the declaration that she was a home maker and that her household income was around £30,000 per year. Vanquis completed a credit check and identified Mrs B had satisfied a sequestration order around two and a half years earlier. It also identified Mrs B had two active credit accounts with an outstanding balance of around £100 reported at that time, and that it had been around five years since a CCJ had been registered.

Given the time that had passed since the adverse information had been reported, and that the recent credit file information showed Mrs B was managing her current lines of credit relatively well, I consider Vanquis' checks for a relatively modest credit limit of £250 were proportionate; and that it went on to make a fair lending decision when providing her with this credit limit.

Vanquis increased Mrs B's credit limit twice, around a year after its initial lending decision and around a further two and a half years after that. At both lending events I can see Vanquis obtained Mrs B's updated credit file information which didn't suggest there were any concerns with her management of the existing lines of credit; and her management of this credit account reflects the same position.

However, Vanquis was now looking to provide Mrs B with a credit limit of £1,000, and around two and a half years later it increased this to £1,750. At neither of these lending events does it appear that Vanquis obtained up to date income and/or expenditure details for Mrs B. Given that Mrs B had declared a household income at the point of the application in 2014, I consider at the least Vanquis needed to obtain up to date income details for Mrs B, and look to verify this information by some means, to ensure these limit increases would be sustainably affordable for her.

As part of my review our investigator asked Mrs B to provide us with her bank statements covering the three months before each of these lending events. Vanquis could have verified this information by any means as the rules in place aren't prescriptive; however, we generally find that obtaining bank statements allows us to reasonably recreate an accurate picture of a consumer's finances at that point in time.

Despite a couple of requests Mrs B hasn't responded with the information we've asked for. As such, I can't be satisfied what Vanquis would more likely than not have identified through proportionate checks.

I've therefore gone on to consider the information Vanquis did obtain and has provided our service when it increased Mrs B's credit limits.

At each lending event Vanquis reviewed Mrs B's updated credit file. The information it obtained showed that Mrs B had opened a number of new accounts across the approximate three year period. However, the reported outstanding balance generally remained relatively modest, in the low hundreds; and there was no recent adverse information reported.

Mrs B had largely been managing her existing credit limits with Vanquis well too, with her average utilisation below 50% up to the point of the second credit limit increase. I've seen that Mrs B's balance on her Vanquis card did go above its agreed limit in January 2018; however, this was by around £2 which represented less than 1% of the credit limit, and the account was brought back in line by the following month. As such, I don't consider this on its own was enough to cause Vanquis concern, or that it shouldn't have increased the credit limit later that year.

Although after the lending events, I note that Mrs B had been making payments to this account and her other lines of credit on time, and continued to do so for a number of months after the second limit increase. Mrs B has said she was having to borrow from other lenders to repay her existing credit commitments. However, while the credit file information Vanquis obtained does show an increase in the number of active lines of credit over the period I'm reviewing, the total outstanding balance across these accounts remained relatively consistent and at a relatively modest value. So, I don't consider the information Vanquis did obtain showed any signs of possible financial difficulties, or that, on balance, Mrs B wasn't able to afford the increased limits.

So, while I consider Vanquis' checks needed to be more detailed than they were when it increased Mrs B's credit limits; I can't reasonably conclude, based on the information available to me, that it made unfair lending decisions when providing her with the credit limit increases.

Did Vanquis act unfairly or unreasonably in any other way in relation to this agreement?

I've seen from late 2018 Mrs B's balance was frozen, and the account stopped incurring interest and charges. The contact notes show that in late 2018 Mrs B made Vanquis aware of a change in her personal circumstances, and it put in place forbearance measures which appear to have been in place for around two years, before Vanquis passed the account to a third-party debt collector in 2021. So, I've not seen anything to suggest Vanquis didn't treat Mrs B fairly when it reasonably became aware of a change in her financial situation.

I've also considered whether the relationship might have been unfair under Section 140A of the Consumer Credit Act 1974. However, 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 therefore follows I'm not directing Vanquis to take any further action in resolution of this complaint.

My final decision

My final decision is that I don't uphold Mrs B's complaint about Vanquis Bank Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 29 September 2025.

Richard Turner
Ombudsman