

## **The complaint**

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

## **What happened**

In March 2023 Mr S applied for a credit card with Vanquis. The application was accepted, and he was provided with a credit limit of £1,200. In December 2023, the account was charged off.

In December 2024, Mr S complained to Vanquis. He told them he felt the credit card had been lent irresponsibly as he was already struggling financially.

Vanquis responded to the complaint on 18 December 2024 rejecting the complaint. They said at the point of application, Mr S confirmed he was employed full-time with a salary of £51,000, and he had no county court judgements (“CCJs”) or defaults. They explained they’re a second chance lender, and they believe the appropriate checks were made that were proportionate to the amount being lent.

Mr S was unhappy with the response, so he referred his complaint to our service. An Investigator here looked into things. They agreed with Vanquis.

They explained they felt the checks were proportionate – it wasn’t Vanquis’ fault that certain debts weren’t showing on the credit check they completed and there was no indication that Mr S was gambling in these checks.

Mr S didn’t agree. He said at the time of the application he had over £26,000 in debt and spent £20,000 on gambling in the months leading up to the credit card being granted. He believes had Vanquis asked for his statements, they would’ve seen his financial situation. He believes this debt forced him into a debt management plan and caused him emotional distress.

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

## **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.

And having done so, I’ve reached the same conclusions as the Investigator. I appreciate this will come as a disappointment to Mr S, but I’ll explain my reasoning below.

The rules and regulations in place at the time Vanquis provided Mr S with the credit card 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.

Vanquis asked Mr S questions about his circumstances and carried out a credit check before deciding to lend. The information gathered showed Mr S was earning £51,000 per year, and external debt of around £3,100. This was well managed, and Mr S had no defaults or CCJ's. Using the data available, Vanquis calculated Mr S would have around £1,900 in disposable income each 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 £1,200, and there were no signs of financial difficulty in the checks completed. 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.

I appreciate Mr S says he had more debt at the time, but this wasn't showing on his credit file at the point of application. Just because this wasn't showing, doesn't mean Vanquis were using an out-of-date credit check as Mr S suggested – it's just that it can take some time for new credit to show on the reports. It wasn't unreasonable for Vanquis to rely on the information they did get, when there were no other indicators that Mr S was struggling.

I note Mr S' comments regarding his current account statements and open banking. When considering lending complaints, there are no specific checks that lenders must complete before approving an application for credit. The rules set out by the regulator merely state that checks should take place and that they should be proportionate to the type and amount of credit being provided. But there is no obligation on lenders to ask to see bank statements, so Vanquis didn't make an error when they didn't automatically ask to see Mr S' bank statements before approving the application.

With this in mind, I understand Mr S told us he was gambling in a way that was harmful to him, but I don't think Vanquis would've been aware of this at the point of application. And because I don't think they needed to ask Mr S for statements, I don't think they ought reasonably to have been aware either.

I appreciate this will come as a disappointment to Mr S, and I'm sorry to hear of the difficult time he's faced, but I need to reach a decision that's fair and impartial, and I can't say in these circumstances that Vanquis treated Mr S unfairly.

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. And so, I haven't seen anything to suggest that s140A CCA would, given the facts of this complaint, lead to a different outcome here. So overall I'm satisfied that it wasn't unfair for Vanquis to provide the credit card to Mr S.

### **My final decision**

It's my final decision that Vanquis Bank Limited didn't lend to Mr S irresponsibly.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 29 May 2025.

Meg Raymond  
**Ombudsman**