

The complaint

Mr B complains that Vanquis Bank Limited lent to him irresponsibly. Mr B is also unhappy that Vanquis recorded the debt as “partially settled” after it was written off.

What happened

In June 2023, Mr B was provided with a credit card by Vanquis with a limit of £1,000; the credit limit was never increased. Mr B’s account defaulted in 2024 and, ultimately, Vanquis made the decision to write off his debt; so, although Mr B hadn’t repaid what he owed, Vanquis had decided not to pursue him for it.

In October 2024, Mr B complained to Vanquis. He said, in summary, that he shouldn’t have been provided the credit and, moreover, that Vanquis should record the default it had placed on his credit file as “settled”, as opposed to “partially settled”. Mr B didn’t receive a response to his complaint, so he contacted this Service and asked us to review the matter.

An Investigator here looked at what had happened; having done so, they didn’t think Mr B’s complaint should be upheld. They said:

- Vanquis’ lending decision, to provide Mr B with a credit card, wasn’t irresponsible. Rather, proportionate checks had been carried out and, on balance, the information Vanquis gathered didn’t present any cause for concern.
- Vanquis had indeed made the decision to write off Mr B’s debt, but nothing suggested that this was because Vanquis itself had determined it had lent irresponsibly.
- Vanquis wouldn’t be expected to report Mr B’s debt as “settled”. That’s because he hadn’t repaid what he owed and, while Vanquis had agreed not to pursue him, there was still an outstanding balance. So, a “partially settled” record was appropriate.

Mr B disagreed and he asked for an Ombudsman’s decision. So, as no agreement has been 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.

As I understand it, there are two parts to Mr B’s complaint: first, he considers Vanquis’ decision to provide him the credit card was irresponsible and, second, he’s unhappy with how Vanquis have recorded the debt on his credit file. For clarity then, I’ll address both issues in turn.

Vanquis' decision to lend to Mr B

The rules and regulations in place at the time Mr B was provided with the credit required Vanquis to carry out a reasonable and proportionate assessment. That's to determine whether he could afford to repay what he owed in a sustainable manner. This practice is sometimes referred to as an 'affordability assessment' or 'affordability check'.

The checks had to be borrower focussed; that is, relevant to Mr B. So, Vanquis had to think about whether repaying the credit sustainably would cause difficulties, or other adverse consequences. In other words, Vanquis had to consider the impact of any repayments on Mr B.

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 it needed to before agreeing to lend to Mr B.

Here, before agreeing to lend, Vanquis checked data recorded with Credit Reference Agencies ("CRAs"); it relied upon information provided by Mr B in his application, and it carried out an affordability assessment. I've been provided the results of Vanquis' checks and, in my view, the data it gathered didn't suggest that there was any real cause for concern.

Rather, information obtained from CRAs didn't show any recent defaults or County Court Judgements ("CCJs"); nor was Mr B subject to an Individual Voluntary Arrangement ("IVA"). Mr B had declared a gross annual income of around £50,000 – something Vanquis was entitled to rely upon in the circumstances – and while he did have other credit commitments, little in the data Vanquis gathered from CRAs suggested particular cause for concern at the time. Finally, Vanquis' affordability assessment didn't present any indication that Mr B wouldn't be able to sustainably repay the credit provided here.

The credit limit here was £1,000, which is reasonably modest, and keeping in mind that neither the CRA data, nor application or affordability data, raised any immediate concerns, I think the checks undertaken by Vanquis before lending to Mr B were proportionate. Broadly, the information it gathered suggested that the credit provided here was likely to be affordable for him. I wouldn't have expected Vanquis to do any further checks or verification in these circumstances. So, with all of that in mind, I don't think Vanquis acted unfairly or unreasonably when it provided Mr B a credit card with a limit of £1,000.

As a final point here, I'll add that I'm not examining the reason why Vanquis decided to write off Mr B's debt. That was a commercial decision for it to make. The only point I'll clarify is to say, much like our Investigator has already explained, that I can't see any indication it was because Vanquis itself determined that it had lent to Mr B irresponsibly.

Mr B's credit file

After Vanquis made the decision to write off Mr B's debt, it told him that it would update his credit file. Specifically, it said it would record the debt as "partially settled". I don't think that's

inherently unreasonable, and I say that because I think such reporting is in-line with guidance set out by the Information Commissioner's Office (ICO).

The ICO explains:

"If the lender agrees to accept a lower payment from you in settlement of an account we would expect them to mark the entry in a way which indicates that you are no longer being pursued for a debt. However, if a debt has not been paid off in full we do understand that the lender may be reluctant to mark a credit file as 'satisfied'. However, where an organisation has decided to stop pursuing a debtor for payment, it would appear unfair to show that money is still owed under the account.

In these circumstances, we would generally expect an organisation to indicate the situation on an individual's credit file, in some way. Organisations will usually mark an account as 'partially settled' or 'partially satisfied'. This shows any lenders searching your file that you are no longer being pursued for the debt but also that the debt was not fully repaid."

I think that scenario fits what happened here. Vanquis agreed to write off the remainder of Mr B's debt; so, in effect, it accepted a lower amount than it was due to be repaid and stopped pursuing Mr B – but there was still a debt, and the fact is that it wasn't fully repaid. So, recording Mr B's debt as "partially settled" would, in my view, be an appropriate fit for such a scenario. Fundamentally, recording Mr B's debt as "settled" wouldn't be accurate and, on that basis, I don't find that Vanquis has treated Mr B unfairly in how it's reported his debt to CRAs.

Overall

In conclusion then, for the reasons I've explained, I don't find that Vanquis lent to Mr B irresponsibly – and nor do I think it's treated him unfairly by recording his debt as "partially settled". So, it follows that I don't require Vanquis to take any further action, and I don't uphold this complaint.

Finally, 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 don't think Vanquis lent irresponsibly to Mr B 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.

My final decision

My final decision is that I don't uphold Mr B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 24 July 2025.

Simon Louth
Ombudsman