

## **The complaint**

Mr A complains that Vanquis Bank Limited ('Vanquis') irresponsibly agreed to lend to him by way of a loan agreement he couldn't afford to repay.

## **What happened**

In November 2022, Mr A took out a personal loan in the form of a fixed sum loan agreement with Vanquis. The loan was for £1,500 and was payable over 24 months. Under the terms of the loan agreement, Mr A was required to pay monthly repayments of £77.45. The total repayable under the agreement was £1,858.80.

Mr A says Vanquis didn't complete adequate affordability checks. He is also unhappy because he says getting the loan pushed him into further debt.

The loan was paid off in full in October 2024.

Vanquis said Mr A's loan application had comfortably passed all its checks.

As he was unhappy with Vanquis's response, Mr A brought his complaint to this service.

Our investigator didn't recommend the complaint be upheld. She thought Vanquis hadn't acted unfairly or unreasonably by approving the loan, having carried out reasonable and proportionate checks before agreeing to lend to Mr A.

As Mr A doesn't agree with our investigator's finding, his complaint has been passed to me for a final 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.

We've explained how we handle complaints about unaffordable and irresponsible lending on our website. And I've used this approach to help me decide Mr A's complaint.

Our approach to unaffordable/irresponsible lending - including all the relevant rules, guidance and good industry practice - is set out on our website and I have followed it here.

Vanquis is required to lend responsibly. So it needed to conduct checks to make sure that the credit it offered to Mr A was affordable and that he was likely to be able to repay it sustainably. Such checks needed to be proportionate to things like the loan value it offered Mr A, how much he had to repay (including interest and charges) each month, his borrowing history elsewhere and what it knew about his wider financial circumstances. But there is no set list of checks it had to do.

This means to reach my decision I need to consider if Vanquis carried out proportionate checks at the time of Mr A's application. If so, did it make a fair lending decision based on

the results of its checks, And if not, what better checks would most likely have shown.

I can see Vanquis asked Mr A about his income and established he was working full time. Based on that they worked out his monthly net income to be just over £1,820. It also looks as if it asked him about his monthly spending. He didn't provide any details about housing costs but said his total living costs were around £560. I've seen that Vanquis also used statistical data to check what his typical monthly spending was likely to be if it allowed for housing and other committed spending costs. Ultimately though it didn't use this to make its lending decision.

The credit check that Vanquis then completed showed Mr A had taken on credit and borrowing that was likely to cost him around £700 each month. That was based on borrowing such as loan, credit cards and phone contracts that worked out at around £20,000. I've not seen anything to suggest that he'd recently had problems with credit, such as an account going into default or consecutive missed payments.

Based on these checks, Vanquis concluded that Mr A would have spending commitments each month of around £1,500 and so he'd have around £300 available each month by way of disposable income. So he'd be able to meet the new monthly repayments.

I agree that the checks that were completed showed that the agreement was likely to be affordable to Mr A on broadly the same basis as our investigator found. I say this because the loan repayments looked to be manageable over the two-year loan repayment period. And the repayment figure of £77.45 per month would still leave him with sufficient room to have disposable income left of around £250 each month. That means there would be some further income available to cover things like contributing towards household costs and expenses or some discretionary spending that Mr A may have wanted to do – for example food and leisure spending.

Based on all this, Vanquis needed to ensure that its lending decision was both reasonable and proportionate. Vanquis needed to be assured that the level and cost of the lending could be sustainably repaid over the repayment period. I think the checks carried out in Mr A's case were enough to achieve that.

As things stood from the checks it carried out at the time, I would not have expected Vanquis to carry out further checks, such as asking for a detailed breakdown of his monthly spending. Mr A has sent us copy bank statements from the months leading up to the lending decision in response to our investigator's request. Given that I think Vanquis carried out good enough checks before agreeing to lend, they're not something I would have necessarily expected to see.

From my own review of the statements, I can see that Mr A was spending a significant amount of his income on sports betting and gambling sites. I can also see evidence of credit repayments and non-essential spending, but less evidence of household spending such as rental payments, a mortgage or paying for utilities. It's possible that Vanquis might have raised questions about what Mr A was spending his money on had it decided to ask for these statements. But I've kept in mind that Mr A understandably hoped to be approved for the finance plus there wasn't anything to suggest that Mr A's financial situation might be at risk of deterioration and that the two-year repayment commitment might be something he might have difficulty paying sustainably.

I therefore think the checks were proportionate based on what Mr A had told Vanquis and the information it had obtained about his financial circumstances.

It follows that, as I'm not persuaded that Vanquis acted unfairly, I'm in broad agreement with our investigator that Vanquis doesn't need to do anything to put things right.

I've also considered whether the relationship between Mr A and Vanquis might have been unfair under Section 140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think Vanquis lent irresponsibly to him or otherwise treated him unfairly. I haven't seen anything to suggest that Section 140A or anything else would, given the facts of this complaint, lead to a different outcome here.

I'm sorry to have to disappoint Mr A on this occasion.

### **My final decision**

For the reasons given above, I am not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 15 September 2025.

Michael Goldberg  
**Ombudsman**