

The complaint

Miss C has complained about a credit card Vanquis Bank Limited (“Vanquis”) provided to her. She says the credit card was unaffordable and so shouldn’t have been provided to her.

Background

Vanquis provided Miss C with a credit card with an initial limit of £600 in April 2022. Miss C’s credit limit was never increased. One of our investigators reviewed what Miss C and Vanquis had told us. And he thought Vanquis hadn’t done anything wrong or treated Miss C unfairly. So he didn’t recommend that Miss C’s complaint be upheld. Miss C disagreed and asked for an ombudsman to look at her complaint.

My findings

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 Miss C’s complaint.

Having carefully considered everything, I’ve decided not to uphold Miss C’s complaint. I’ll explain why in a little more detail.

Vanquis needed to make sure it didn’t lend irresponsibly. In practice, what this means is Vanquis needed to carry out proportionate checks to be able to understand whether Miss C could afford to repay any credit it provided

Our website sets out what we typically think about when deciding whether a lender’s checks were proportionate. Generally, we think it’s reasonable for a lender’s checks to be less thorough – in terms of how much information it gathers and what it does to verify it – in the early stages of a lending relationship.

But we might think it needed to do more if, for example, a borrower’s income was low or the amount lent was high. And the longer the lending relationship goes on, the greater the risk of it becoming unsustainable and the borrower experiencing financial difficulty. So we’d expect a lender to be able to show that it didn’t continue to lend to a customer irresponsibly.

Vanquis says it initially agreed to Miss C’s application after it obtained information on her income and carried out a credit search. And the information obtained indicated that Miss C would be able to make the monthly repayments due for this credit card. On the other hand, Miss C says that she shouldn’t have been lent to.

I’ve considered what the parties have said.

What’s important to note is that Miss C was provided with a revolving credit facility rather than a loan. And this means that Vanquis was required to understand whether a credit limit of £600 could be repaid within a reasonable period of time, rather than whether £600 could

be paid all in one go. A credit limit of £600 required low monthly payments in order to clear the full amount that could be owed within a reasonable period of time.

I understand that Miss C appears to have declared that she was employed full time and earning £25,000.00 a year. Furthermore, Vanquis' credit check showed that Miss C didn't have much in the way of active debts or commitments at the time of application.

Equally, I can't see that Miss C had any significant adverse information – such as defaulted accounts or court judgments ("CCJ") recorded against her. In these circumstances, I don't think that it was unreasonable for Vanquis to rely on what Miss C said about her income and expenditure at the time of application. This is especially as this information suggested that Miss C would most likely be able to make her repayments. So I don't think that it was unfair for it to lend in this instance.

In reaching my conclusions, I've also considered whether the lending relationship between Vanquis and Miss C might have been unfair to Miss C under section 140A of the Consumer Credit Act 1974 ("CCA").

However, for the reasons I've explained, I've not been persuaded that Vanquis irresponsibly lent to Miss C or otherwise treated her unfairly in relation to this matter. And I haven't seen anything to suggest that section 140A CCA or anything else would, given the facts of this complaint, lead to a different outcome here.

Overall and having considered everything, while I can understand Miss C's sentiments, I don't think that Vanquis treated Miss C unfairly or unreasonably when providing her with her credit card. And I'm not upholding Miss C's complaint. I appreciate this will be very disappointing for Miss C. But I hope she'll understand the reasons for my decision and that she'll at least feel her concerns have been listened to.

My final decision

For the reasons I've explained, I'm not upholding Miss C's complaint

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 26 May 2025.

Jeshen Narayanan
Ombudsman