

The complaint

Mr M complains Vanquis Bank Limited lent to him irresponsibly when they approved his application for a credit card.

What happened

Mr M complains Vanquis failed to carry out adequate checks when making the lending decision below:

Date	Credit limit
22 January 2020	£500

Vanquis looked into Mr M's concerns and issued their final response. They explained the results of their checks suggested the credit card would have been affordable. They also said they considered their checks were reasonable and proportionate given the modest credit limit. Mr M remained unhappy, so he brought his complaint to our service.

Our Investigator didn't think Mr M's complaint should be upheld. She thought Vanquis' checks were reasonable and proportionate, and the results of those checks suggested the credit card was affordable.

Mr M disagreed with our Investigator, so his complaint was 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.

Having considered everything, I'm not upholding this complaint. I'll explain my reasoning below.

We've explained how we handle complaints about unaffordable and irresponsible lending on our website. This is something Vanquis is familiar with, and I've used this approach to help me decide Mr M's complaint.

Vanquis needed to make sure they didn't lend irresponsibly. In practice, this means they needed to carry out reasonable and proportionate checks so that they could understand whether Mr M 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 needed to be borrower focused – meaning Vanquis had to consider if repaying the credit sustainably and within a reasonable period of time would cause difficulties or adverse consequences for Mr M. It wasn't enough for Vanquis to consider the likelihood of getting their funds back – they had to consider the impact of the repayments on Mr M.

Checks also needed to be proportionate to the specific circumstances of the lending. What constitutes a proportionate affordability check will depend on several factors, but not limited

to, the particular circumstances of the consumer, and the amount/type/cost of credit they were seeking. So, I've kept all this in mind when thinking about whether Vanquis did what they needed to before lending to Mr M.

Vanquis' lending decision was based on the information declared by Mr M in his application, and that gathered from the credit referencing agencies (CRA) checks.

Mr M declared he had an annual salary of £29,500, £550 monthly housing costs, and four dependants. And the credit checks showed Mr M's net monthly income was £1,962, he had external credit debt totalling around £7,256, and his monthly credit repayments were around £240. Vanquis also estimated Mr M's total living costs to be £656. Vanquis' based their lending decision on Mr M having a monthly disposable income of £362 – however, my calculations show his disposable income would have been over £500 a month. So, with the estimated £34 monthly repayment on the credit card, I consider the checks suggested it was affordable for Mr M's circumstances.

While the checks suggested the credit card was affordable, I've also considered if there was anything else in Vanquis' checks that might indicate lending to Mr M wouldn't be sustainable, or further checks would be required.

The checks didn't show any County Court Judgments or defaults, and he hadn't opened a new credit account for around 11 months. I did see Mr M had had two late payments in the 12 months prior.

Overall, I consider Vanquis' checks suggested Mr M was managing his finances well and I'm not persuaded they show he was reliant/becoming reliant on credit. The late payments didn't appear to indicate an ongoing problem, so I don't think Vanquis needed to carry out additional checks before making their lending decision. Therefore, I don't consider Vanquis acted irresponsibly when they approved Mr M's credit card application.

I've taken on board the points Mr M's complaint email made about what Vanquis would have seen had they reviewed how he was spending money from his current account and overdraft. But given the low credit limit, and the outcome of their CRA checks, I don't agree it would have been reasonable and proportionate for Vanquis to have reviewed his bank statements. Therefore, it wouldn't be fair in the circumstances of this complaint to rely on the content of those statements to determine how Vanquis should have considered Mr M's credit card application.

Mr M has also mentioned how other cases at our service and the way other lenders have dealt with irresponsible lending complaints he's raised. However, I can only consider the specific circumstances of this complaint. So, other complaints resolved directly with other lenders or via our service, do not have a bearing on the way I consider this complaint, about Vanquis' lending decision, should be resolved.

I've 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 M or otherwise treated him unfairly. I haven't seen anything to suggest that s.140A or anything else would, given the facts of this complaint, lead to a different outcome here.

I know this isn't the outcome Mr M hoped for. But for the reasons above, I'm not asking Vanquis to do anything to put things right.

My final decision

My final decision is that I'm not upholding Mr M's complaint about Vanquis Bank Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 21 July 2025.

Sarrah Turay
Ombudsman