

The complaint

Mr S complains that Vanquis Bank Limited lent irresponsibly when it approved his credit card application and later increased the credit limit.

What happened

Mr S applied for a Vanquis credit card in April 2024. In his application, Mr S said he was retired with a monthly net income of £1,600. Mr S' application said he had no housing costs and had regular living expenses totalling £250 a month. Vanquis carried out a credit file and found no evidence of County Court Judgements, bankruptcy, IVAs, defaults, payday loans or arrears. Vanquis found Mr S owed £288 across three existing credit cards and was making monthly repayments of £13. Vanquis applied estimates for Mr S' regular outgoings to the application. After applying its lending criteria, Vanquis reached the view Mr S had an estimated disposable income of £563 a month after covering his existing outgoings and living expenses. Vanquis approved Mr S' application and issued a credit card with a £600 limit. No credit limit increases have been approved.

Mr S used his credit card in the months that followed. In four of the eight months before Mr S complained, he had no outstanding credit card balance with Vanquis. In the remaining months, the highest outstanding balance was £166.20.

Last year, representatives acting on Mr S' behalf complained that Vanquis lent irresponsibly and it issued a final response. Vanquis said it had carried out the relevant lending checks before approving Mr S' application and didn't agree it lent irresponsibly. Vanquis didn't uphold Mr S' complaint.

An investigator at this service looked at Mr S' complaint. They thought Vanquis had completed reasonable and proportionate lending checks before approving Mr S' application. The investigator thought the decision to approve Mr S' application was reasonable based on the information Vanquis obtained.

Mr S' representatives asked to appeal and said he was retired and on a fixed income when he applied to Vanquis. Mr S' representatives also repeated the claim Vanquis had increased the credit limit after approving his application but didn't provide any dates or amounts. They also said Vanquis had missed signs of financial difficulty including a pattern of recent credit applications and a reliance on credit lines which should've prompted a more cautious approach to the application. As Mr S' representatives asked to appeal, his complaint has been passed to me to make 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.

Before agreeing to lend, the rules say Vanquis had to complete reasonable and proportionate checks to ensure Mr S could afford to repay the debt in a sustainable way. These affordability checks needed to be focused on the borrower's circumstances. The

nature of what's considered reasonable and proportionate will vary depending on various factors like:

- The amount of credit;
- The total sum repayable and the size of regular repayments;
- The duration of the agreement;
- The costs of the credit; and
- The consumer's individual circumstances.

That means there's no set list of checks a lender must complete. But lenders are required to consider the above points when deciding what's reasonable and proportionate. Lenders may choose to verify a borrower's income or obtain a more detailed picture of their circumstances by reviewing bank statements for example. More information about how we consider irresponsible lending complaints can be found on our website.

I'll start by saying that whilst I note Mr S' representatives claim that his credit limit was increased after the application was approved I've found no evidence to support that. The account was opened in April 2024 and Vanquis issued its final response on 9 July 2024 but there were no credit limit increases in that time. Vanquis' case file shows Mr S' account activity up to and including November 2024 but no credit limit increases were approved in this period. I'm satisfied that there's no evidence that Vanquis increased Mr S' credit limit.

I've set out the information Vanquis used when considering Mr S' application above. I understand Mr S was retired and his representatives have said he was receiving a fixed income. But I'm satisfied Vanquis was aware of Mr S' circumstances, as confirmed in his application, and took them into account during the application process. And whilst I accept that Mr S was on a fixed income, I haven't been persuaded that being retired means Vanquis shouldn't have lent to him. Mr S confirmed his income as £1,600 a month after deductions and I'm satisfied that was a reasonable figure for Vanquis to use in the application.

The credit file results showed Mr S have a low amount of other unsecured debts totalling £288 across three credit cards. No adverse credit of any sort was found on Mr S' credit file and there was no evidence of arrears recorded. Whilst I can see Mr S had recently been approved for another credit card, it held no outstanding balance. In my view, Mr S' credit file indicates he was in a stable financial position and was managing his existing debts well. I haven't been persuaded that Mr S' credit file results showed he was already struggling or using credit to make ends meet.

Vanquis reached the view that Mr S had an estimated disposable income of £563 a month after covering his existing outgoings and living expenses. In my view, Vanquis used reasonable figures for Mr S regular outgoings and credit commitments when completing its affordability assessment. And I think a disposable income of £563 a month was sufficient for Mr S to be able to sustainably afford repayments to a new credit card with a £600 limit.

Overall, I'm satisfied Vanquis carried out reasonable and proportionate checks when considering Mr S' application. And I'm satisfied the decision to approve Mr S' application was reasonable based on the information Vanquis obtained. I'm very sorry to disappoint Mr S but I haven't been persuaded that Vanquis lent irresponsibly so I'm unable to uphold his complaint.

I've considered whether the business acted unfairly or unreasonably in any other way including whether the relationship 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 Mr S 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.

My final decision

My decision is that I don't uphold Mr S' complaint.

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

Marco Manente
Ombudsman