

## The complaint

Mrs M complains that Vanquis Bank Limited have irresponsibly lent to her.

Mrs M is represented by a solicitors firm in bringing this complaint. But for ease of reading, I'll refer to any submission and comments they have made as being made by Mrs M herself.

## What happened

Mrs M was approved for a Vanquis credit card which was opened in August 2015 with a £500 credit limit. I have detailed the credit limit changes below:

March 2016	£500 to £1,500
September 2016	£1,500 to £2,250
August 2018	£2,250 to £3,000

Mrs M says that Vanquis irresponsibly lent to her. Mrs M made a complaint to Vanquis, but Vanquis said Mrs M complained too late about the first three lending decisions, so they didn't make a finding on these. They did not uphold Mrs M's complaint for the August 2018 lending decision. Mrs M brought her complaint to our service. Vanquis gave our service their consent to review the first three lending decisions.

Our investigator did not uphold Mrs M's complaint. She said Vanquis' checks were proportionate and they made fair lending decisions. Mrs M asked for an ombudsman to review the complaint. She made a number of points. In summary, she said the checks Vanquis completed weren't proportionate and they should've made further checks. She said she already had other significant debts at the time of the lending.

As my findings differed in some respects from our investigator's, I issued a provisional decision to give both parties the opportunity to consider things further. This is set out below:

*"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 approve or increase the credit available to Mrs M, Vanquis needed to make proportionate checks to determine whether the credit was affordable and sustainable for her. There's no prescribed list of checks a lender should make. But the kind of things I expect lenders to consider include - but are not limited to: the type and amount of credit, the borrower's income and credit history, the amount and frequency of repayments, as well as the consumer's personal circumstances. I've listed below what checks Vanquis have done and whether I'm persuaded these checks were proportionate.*

### *Acceptance for the Vanquis credit card*

*I've looked at what checks Vanquis said they did when initially approving Mrs M's application. I'll address the credit limit increases later on. Vanquis said they looked at information provided by a CRA and information that Mrs M had provided before approving her application.*

*The information showed that Mrs M had declared a gross annual income of £13,200 and she was employed full time. But that's not all Vanquis's data showed. The data also showed that Mrs M had outstanding unsecured balances of £8,622. And she also had a County Court Judgement (CCJ).*

*It may help to explain here that, while information like a CCJ on someone's credit file may often mean they're not granted further credit – they don't automatically mean that a lender won't offer borrowing. So I've looked at what Vanquis' other checks showed to see if they made a fair lending decision here.*

*The CCJ was registered 50 months prior to the checks. So some time had passed since this was registered. Although the outstanding balances were relatively high in comparison to Mrs M's declared income, the majority of this was a hire purchase agreement. The CRA reported the monthly repayment of this loan, so Vanquis would be able to see what Mrs M was repaying. The credit checks showed that Mrs M had no defaults being reported by the CRA they used for the account opening checks.*

*But the checks show that Mrs M was in an arrangement to pay for one of her agreements. An arrangement to pay usually occurs when a borrower can't afford to pay the contractual payment on an agreement, so they come to an arrangement to pay with a lender to pay a reduced payment for an agreed amount of time.*

*The information doesn't show when Mrs M entered this arrangement. So her financial circumstances may have improved since she entered the arrangement. But with that being said, I would expect Mrs M to return to her contractual payment prior to taking on any more debt. I have noted that the balance of the account in the arrangement was £413 with a credit limit of £400 at the time Vanquis completed their checks, so I'm mindful Mrs M would only need to pay £13 to bring her account within her credit limit here.*

*But I'm persuaded that Vanquis should have completed further checks to ensure she could first of all bring her external account within its credit limit. Then return to her contractual payments on the account. And to be able to sustainably afford repayments for a £500 credit limit on her Vanquis account.*

*There's no set way of how Vanquis should have made further proportionate checks. One of the things they could have done was to contact Mrs M to get an understanding of why she had made an arrangement to pay with a third party lender. Or they could have asked for her bank statements as part of a proportionate check to ensure the lending was sustainable and affordable for her.*

*So I asked Mrs M to provide her bank statements for the three months leading up to the acceptance of the Vanquis account, which Vanquis could have requested as part of a proportionate check. But Mrs M did not provide these by the deadline given, even though I extended the deadline for her.*

*So on the face of it, it does look like Vanquis should've looked more closely into this. But as my role is impartial, that means I have to be fair to both sides and although I'm satisfied that Vanquis should've done more checks here – I can't say whether further checks would've revealed further information which means they wouldn't have lent. So as Mrs M hasn't provided me with her bank statements, that means that it wouldn't be fair for me to say that Vanquis shouldn't have lent here, because I don't know what further checks would reveal.*

*March 2016 credit limit increase - £500 to £1,500*

*I've looked at the information available to Vanquis as part of this lending decision. The information showed that Mrs M appeared to have managed her Vanquis account well since it was open. There were not any late/missed payments or overlimit fees charged, and she wasn't close to her credit limit at the time of the checks. The repayments Mrs M made appeared to be for more than the minimum repayment also at times.*

*The data from the CRA showed that Mrs M's total active unsecured debt had fallen to £7,639 at the time of the checks. But only a couple of months before the checks for this credit limit increase, Mrs M was in arrears on an account by three months, so I can't fairly say this would be an oversight on her behalf.*

*Even though Mrs M had brought the account up to date by the time Vanquis increased her credit limit on this account, I'm persuaded that given how recent the arrears were, it would have been proportionate for Vanquis to complete further checks. So again I asked Mrs M to provide her bank statements leading up to this lending decision, however, she didn't provide these by the deadline given, even though I provided an extension for her.*

*So on the face of it, it does look like Vanquis should've looked more closely into this. But as my role is impartial, that means I have to be fair to both sides and although I'm satisfied that Vanquis should've done more checks here – I can't say whether further checks would've revealed further information which means they wouldn't have lent. So as Mrs M hasn't provided me with her bank statements, that means that it wouldn't be fair for me to say that Vanquis shouldn't have lent here, because I don't know what further checks would reveal.*

*September 2016 credit limit increase - £1,500 to £2,250*

*I've looked at the information available to Vanquis as part of this lending decision. The information showed that Mrs M appeared to have managed her Vanquis account well since the last lending decision. There were not any late/missed payments or overlimit fees charged since the last lending decision and at times the repayments Mrs M made appeared to be for more than the minimum repayment.*

*The data from the CRA showed that Mrs M's total active unsecured debt had risen to £8,437 at the time of the checks. The data shows that at the time of the checks Mrs M was in arrears on an external account, and it had only been three months since she'd been two months in arrears on an external account.*

*So given that Mrs M was in arrears on an account at the time of the checks, it would have been proportionate for Vanquis to complete further checks. I asked Mrs M to provide her bank statements leading up to this lending decision, however, she didn't provide these by the deadline given, even though I extended the deadline for her.*

*So on the face of it, it does look like Vanquis should've looked more closely into this. But as my role is impartial, that means I have to be fair to both sides and although I'm satisfied that Vanquis should've done more checks here – I can't say whether further checks would've revealed further information which means they wouldn't have lent. So as Mrs M hasn't provided me with her bank statements, that means that it wouldn't be fair for me to say that Vanquis shouldn't have lent here, because I don't know what further checks would reveal.*

*August 2018 credit limit increase - £2,250 to £3,000*

*I've looked at the information available to Vanquis as part of this lending decision. Although Mrs M's active unsecured debt had fallen to £2,958 at the time of these checks, the information from a CRA shows that she had defaulted on at least two accounts since the last lending decision, with the last default being only six months prior to this lending decision.*

*She had defaulted on another account in early 2017, so it does look like Mrs M had a prolonged period of financial difficulty.*

*In addition to this, since the last lending decision, Mrs M had incurred four late payment fees consecutively, albeit she told Vanquis the reason for this was due to her being in hospital, and five overlimit fees.*

*But I've also seen a system note that Mrs M told them on 3 January 2018 that the reason she missed a payment was because she was overcommitted. The system notes show that even in May 2018 when Mrs M contacts Vanquis she is told she is over her credit limit.*

*So given how Mrs M had managed her Vanquis account since the last lending decision, her recent defaults, and her telling Vanquis she missed a payment as she was overcommitted, I'm not persuaded that Vanquis should have increased Mrs M's credit limit as part of this lending decision. So I'm not persuaded that they made a fair lending decision to increase her credit limit here.*

*I've also considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However, I'm satisfied the redress I have directed at the end of this decision results in fair compensation for Mrs M in the circumstances of her complaint. I'm satisfied, based on what I've seen, that no additional award would be appropriate in this case."*

I invited both parties to let me have any further submissions before I reached a final decision. Vanquis accepted the provisional decision. Mrs M did not respond to the provisional 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.

As neither party have provided me with any further information to consider, then my decision and reasoning remains the same as in my provisional decision.

### **Putting things right**

In the provisional decision I said I intend to uphold this complaint in part. I said I intend to ask Vanquis Bank Limited to take the following actions:

Vanquis should arrange to transfer any debt back to themselves if it has been passed to a debt recovery agent or liaise with them to ensure the redress set out below is carried out promptly.

End the agreement and rework the account removing all interest, fees, charges, and insurances (not already refunded) that have been applied to balances above £2,250 after the date of the credit limit increase in August 2018;

If the rework results in a credit balance, this should be refunded to Mrs M along with 8% simple interest per year\* calculated from the date of each overpayment to the date of settlement. Vanquis should also remove all adverse information regarding this account from Mrs M's credit file recorded after the date of the credit limit increase in August 2018;

Or, if after the rework the outstanding balance still exceeds £2,250, Vanquis should arrange an affordable repayment plan with Mrs M for the remaining amount. Once Mrs M has cleared

the balance, any adverse information recorded after the date of the credit limit increase in August 2018 in relation to the account should be removed from her credit file.

I'm still satisfied this is a fair outcome for the reasons given previously.

*\*If Vanquis considers that they are required by HM Revenue & Customs to deduct income tax from that interest, they should tell Mrs M how much they've taken off. They should also give Mrs M a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.*

### **My final decision**

I uphold this complaint in part. Vanquis Bank Limited should settle the complaint in line with the instructions in the *"Putting things right"* section above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 27 May 2025.

Gregory Sloanes  
**Ombudsman**