

The complaint

Mr W complains that Vanquis Bank Limited was irresponsible in its lending to him. He wants all interest and charges that have been applied to his account refunded along with statutory interest and any adverse information removed from his credit file.

Mr W is represented by a third party but for ease of reference I have referred to Mr W throughout this decision.

What happened

Mr W was provided with a credit card account by Vanquis in July 2016 with a credit limit of £500. Mr W said that the lending wasn't affordable and adequate checks weren't carried out before it was provided.

Vanquis issued a final response letter dated 12 April 2024. It noted when the account was opened and that a notice of default was sent in August 2017. It initially said that this complaint was out of jurisdiction but then consented to this service considering the merits of this complaint. Vanquis said that reasonable and proportionate checks were carried out before the credit card was provided and that these showed the lending to be affordable.

Our investigator didn't uphold this complaint. She was satisfied that reasonable and proportionate checks were carried out before the account was opened. And that the results gave no indication the repayments would be unaffordable or unsustainable.

Mr W didn't agree with our investigator's view. He said his income wasn't verified and that it was temporary and inconsistent. He didn't accept that reasonable checks were carried out and thought if they had been Vanquis would have realised the lending wasn't affordable for him as evidenced in the issues he experienced after the account was opened.

As a resolution hasn't been agreed, this complaint has been passed to me, an ombudsman, to issue 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.

Our general approach to complaints about unaffordable or irresponsible lending – including the key rules, guidance and good industry practice – is set out on our website.

The rules don't set out any specific checks which must be completed to assess creditworthiness. But while it is down to the firm to decide what specific checks it wishes to carry out, these should be reasonable and proportionate to the type and amount of credit being provided, the length of the term, the frequency and amount of the repayments, and the total cost of the credit.

Before the account was opened for Mr W, Vanquis asked about his employment and income and carried out a credit check. Mr W said he was employed full time with a household

income of £14,400. The credit check showed that Mr W had two open current accounts, one settled mail order account and a defaulted current account. As the default was historic (recorded in 2011), and there was a minimal outstanding balance (£7), I do not find that this alone meant further credit shouldn't have been provided. As the recent credit history didn't show any issues and noting the size of the credit limit being provided (£500) compared to Mr W's declared income, I find the checks carried out were proportionate.

While I find the checks were reasonable this doesn't necessarily mean the account should have been provided. To assess that I have considered whether the results obtained through Vanquis' checks raised concerns. Mr W has said that his income was temporary and inconsistent, but I have no further evidence of this. Vanquis has explained that it doesn't request evidence of income, and as noted above, I find its checks were proportionate in this case. So, I do not find I can say it was wrong to rely on the information Mr W provided about his income. Based on Mr W's declared income, the results of his credit checks and noting the repayment amount that would be due on a £500 credit limit, I do not find I can say that this lending should have been considered unaffordable.

So, while I note the comments made about the issues Mr W experienced in managing his account, based on the information available when the account was opened, I do not find I can say that Vanquis was wrong to provide Mr W with the account with a £500 credit limit.

I've also considered whether Vanquis acted unfairly or unreasonably in some other way given what Mr W has complained about, including whether its relationship with him might have been viewed as unfair by a court 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 W or otherwise treated him unfairly in relation to this matter. I haven't seen anything to suggest that Section 140A would, given the facts of this complaint, lead to a different outcome here.

My final decision

My final decision is that I do not uphold this complaint.

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

Jane Archer
Ombudsman