

The complaint

Mr W complains that Vanquis Bank Limited irresponsibly lent to him.

Mr W is represented by a claims management company in bringing this complaint. But for ease of reading, I'll refer to any submission and comments they have made as being made by Mr W himself.

What happened

Mr W was approved for a Vanquis credit card in September 2012 with a £250 credit limit. I have detailed the credit limit changes below:

March 2014	£250 to £1,000
September 2016	£1,000 to £1,750
February 2017	£1,750 to £2,500
July 2017	£2,500 to £3,500

Mr W says that Vanquis irresponsibly lent to him, and he made a complaint to Vanquis, who did not uphold his complaint. Vanquis said appropriate checks were made proportionate to the amount of credit being granted. Mr W brought his complaint to our service.

Our investigator did not uphold Mr W's complaint. She said Vanquis should have made further checks for the March 2014 lending decision, but as Mr W couldn't obtain his bank statement from that time, she couldn't conclude Vanquis lent irresponsibly. She said Vanquis' checks for the other lending decisions were proportionate. Mr W asked for an ombudsman to review his complaint.

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 approve or increase the credit available to Mr W, Vanquis needed to make proportionate checks to determine whether the credit was affordable and sustainable for him. 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 Mr W's application. I'll address the credit limit increases later on. Vanquis said they completed a credit check with a Credit Reference Agency (CRA) and information that Mr W had provided before approving his application.

The information showed that Mr W declared he was full time employed with a gross annual household income of £60,000. The CRA showed he had active unsecured debt of £3,085 at the time the checks were completed.

I do think that Vanquis should have obtained Mr W's personal gross annual income as opposed to his household income. But I'm mindful that as Mr W has been unable to obtain his bank statements that our investigator asked him for prior to the March 2014 lending decision due to the time that's passed, then the bank statements for prior to September 2012 showing Mr W's income wouldn't be available also. I also can't rule out that Mr W's actual personal income at the time was £60,000 gross per annum as he has not told us Vanquis recorded an incorrect income for him. So I've looked at what the other checks showed as part of this lending decision.

The checks showed that Mr W had not been in arrears on any of his accounts in the last 12 months prior to the checks. The CRA did not report any defaulted accounts or County Court Judgements (CCJ's) on his credit file. None of his active accounts were in an arrangement to pay.

But based on there being no defaults, no CCJ's, no arrears in the 12 months prior to the checks, a low number of accounts being held by Mr W at the time of the checks, and the credit limit being for £250, I can't conclude that Vanquis lent irresponsibly to Mr W here.

March 2014 credit limit increase - £250 to £1,000

I've looked at what checks Vanquis said they did as part of this lending decision. The CRA Vanquis used for this lending decision reported Mr W had defaulted on an account only seven months earlier.

It may help to explain here that, while information like a default 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 other checks Vanquis made to see if they made a fair lending decision.

Mr W's active unsecured debt was lower than at the account opening stage (likely due to the default). But even with the defaulted account, Mr W's total unsecured debt was lower than at the account opening stage as it was showing as being £2,513. Mr W's total unsecured debt had been falling for the months prior to this lending decision, which could suggest that his financial situation had improved between defaulting on an account and Vanquis' checks for this lending decision.

Vanquis would have been able to see how Mr W used his Vanquis account since account opening. Mr W made a number of cash transactions. While I'm mindful that cash advances are a legitimate feature of the account, they aren't the most cost-effective way to borrow. And it could indicate financial difficulty.

While Mr W didn't incur any late repayment fees, he did incur two overlimit fees. But the evidence suggests Mr W exceeded his credit limit in multiple months – just he wasn't charged a fee every time this happened. I do note that in the three months leading up to this credit limit increase Mr W didn't exceed his credit limit, but he was at or around his credit limit.

So I'm persuaded that based on the recent default and how Mr W managed his account since it was opened, that Vanquis should have completed further checks to ensure that repayments for Mr W would be affordable and sustainable for him, especially since his credit limit was quadrupling.

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 Mr W to ensure that he could afford the repayments on his Vanquis account for an increased credit limit. Or they could have asked for his bank statements as part of a proportionate check to ensure the lending was sustainable and affordable for him.

Our investigator asked Mr W for his bank statements leading up to the lending decision. And while Mr W contacted his bank to obtain these, unfortunately the bank has been unable to provide his statements around this time due to the time that's passed.

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 Mr W hasn't been able to provide us with the information he was asked for (albeit I acknowledge that this is through no fault of his own), 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 - £1,000 to £1,750

I've looked at what checks Vanquis said they did as part of this lending decision. The CRA reported that Mr W had £10,291 of active unsecured debt which was a lot higher than at the last lending decision. But it appears this was because Mr W had taken out a credit agreement with fixed repayments (such as a personal loan/hire purchase). The CRA also reported how much Mr W was spending each month on his fixed repayments.

No active accounts were in arrears at the time of the checks, and I note that it appears that Mr W had settled his defaulted account as there was a £0 showing for the total value of defaulted accounts.

Mr W had not incurred any late payment or overlimit fees since the last lending decision. And for the majority of time since his credit limit increased to £1,000, he wasn't utilising the majority of his credit limit. So Mr W didn't appear to be reliant on his Vanquis credit card.

So I'm persuaded that Vanquis' checks were proportionate here, and they made a fair lending decision to approve the credit limit increase here.

February 2017 credit limit increase - £1,750 to £2,500

The CRA Vanquis used reported that Mr W had £9,180 of active unsecured debt which was lower than at the last lending decision. So Mr W had been able to reduce his debt.

No active accounts were in arrears at the time of the checks. Mr W had not incurred any late payment or overlimit fees since the last lending decision. And Mr W didn't come close to reaching his credit limit available.

So I'm persuaded that Vanquis' checks were proportionate here, and they made a fair lending decision to approve this credit limit increase.

July 2017 credit limit increase - £2,500 to £3,500

The CRA Vanquis used reported that Mr W had £10,669 of active unsecured debt which was higher than at the last lending decision. Mr W had not incurred any late payment or overlimit fees since the last lending decision on his Vanquis account. And Mr W didn't come close to reaching his available credit limit.

But the CRA reported that Mr W was over the limit of an external account at the time of the checks. He had also been in arrears on an external account within three months of these checks. So I'm persuaded that this should have prompted Vanquis to have completed further checks.

As I've previously mentioned, there's no set way of how Vanquis should have completed further checks. But Mr W has been able to obtain his bank statements leading up to this lending decision.

Mr W's bank statements show that his account is generally well run. He often has at least a three figure credit balance. Mr W did not enter an overdraft (arranged or unarranged) for the three months leading up to this lending decision. There were no returned direct debits. Mr W appeared to have the disposable income to make several non-essential transactions.

So if Vanquis would have requested Mr W's bank statements as part of a proportionate check for the reasons I previously gave, I'm persuaded they still would have increased the credit limit, and they would have made a fair lending decision to increase Mr W's credit limit to £3,500.

I've also 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 can't conclude that 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. So it follows I don't require Vanquis to do anything further.

My final decision

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 28 August 2025.

Gregory Sloanes
Ombudsman