

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 November 2021 with a £500 credit limit. Mr W says that Vanquis irresponsibly lent to him, and he made a complaint to Vanquis, who did not respond to his complaint, so Mr W brought his complaint to our service.

Our investigator did not uphold Mr W's complaint. He said that Vanquis' checks were proportionate and they made a fair lending decision. Mr W asked for an ombudsman to review his complaint. He said his credit file showed three defaulted accounts within six months prior to the Vanquis account being approved, with defaulted debt of £17,651, and total contractual debt of £19,305.

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 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.

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 employed with a gross annual income of £22,000. The CRA showed he had active unsecured debt of £1,975 at the time the checks were completed.

I've considered what Mr W has said about his credit file showing three defaulted accounts leading up to this lending decision. But the information from the CRA shows the defaulted accounts all defaulted in March-May 2019, and not in 2021 (which would have been in the six months prior to the account opening). Even on the copy of the credit file he sent us, I can see the three defaults were registered in 2019 (Mr W will be able to see this on pages 4, 11 and 48 of the credit file he sent us).

While Vanquis' checks showed it had been 30 months since Mr W's last default, the CRA also reported that Mr W had at least one County Court Judgement (CCJ), with the last one

being registered 33 months earlier, and he had entered into an Individual Voluntary Arrangement in March 2019.

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

The checks showed that Mr W had not been in arrears on any of his active accounts in the last 12 months prior to the checks. None of his active accounts were in an arrangement to pay.

I've also considered that the initial credit limit was £500 which would have equated to around 2.28% of Mr W's declared gross annual income. So I'm persuaded that Vanquis' checks were proportionate here, and they made a fair lending decision to approve the account and provide Mr W with a £500 credit limit.

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 9 September 2025.

Gregory Sloanes
Ombudsman