

## **The complaint**

Mr L complains that Vanquis Bank Limited lent irresponsibly when it approved his credit card application and went on to increase the credit limit.

## **What happened**

The background to this complaint and my initial conclusions were set out in a provisional decision. I said:

*Mr L applied for a Vanquis credit card in March 2018. In his application, Mr L said he was self employed with an income of £25,000 a year. Vanquis carried out a credit search and found no evidence of County Court Judgements although defaults from 2013 totalling around £10,400 were noted. No recent missed payments were recorded on Mr L's credit file. Vanquis found Mr L had unsecured debts totalling around £7,750 with monthly repayments of £250. Vanquis also found Mr L had a mortgage that was up to date. Vanquis says it applied its lending criteria and approved a credit card with a limit of £1,000.*

*Vanquis increased the credit limit to £1,500 in August 2018, £2,500 in September 2019, £3,500 in March 2020, reduced the credit limit to £3,400 in October 2021 and increased it again to £4,250 in September 2022. Vanquis says that before each credit limit increase it checked Mr L's account use, credit file and completed affordability assessments.*

*Mr L repaid the credit card balance in November 2023. Last year, representatives acting on Mr L's behalf complained that Vanquis lent irresponsibly and it issued a final response. Vanquis said it had carried out the relevant checks before approving Mr L's application and later increasing the credit limits and didn't agree it lent irresponsibly. Vanquis didn't uphold Mr L's complaint.*

*An investigator at this service looked at Mr L's complaint. They thought Vanquis had completed reasonable and proportionate checks before approving Mr L's application and increasing the credit limit and weren't persuaded it lent irresponsibly. Mr L asked to appeal, so his complaint has been passed to me to make a decision.*

## **What I've provisionally 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 or increasing the credit limit, the rules say Vanquis had to complete reasonable and proportionate checks to ensure Mr L 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.*

*Vanquis has explained that due to the passage of time, it doesn't have all details of the affordability checks it completed when Mr L first applied for the credit card and when the first credit limit was increased. Businesses aren't required to retain documents indefinitely and I'm satisfied that because of the amount of time that's passed since Mr L first applied and from the first credit limit increase are no longer available. With that said, I'm satisfied we have enough information to reach a fair decision concerning Mr L's complaint.*

*When Mr L first applied he confirmed his income of £25,000 and Vanquis carried out a credit search. I can see Vanquis found Mr L was a homeowner with an up to date mortgage. In addition, Vanquis found Mr L's current debts were all maintained without any recent missed payments. Mr L was making monthly repayments of around £250 at the time. The credit file shows Mr L had some defaults, but Vanquis has confirmed it will accept applicants with older defaults. Mr L's defaults were 56 months old when he applied, so I'm satisfied they were historic in nature. Whilst I've not seen the specific affordability assessment Vanquis used, that's not the same as saying it wasn't completed at all. I'm satisfied that in addition to checking Mr L's credit file Vanquis will have carried out some affordability assessment based on the information it found.*

*Overall, I'm satisfied Vanquis did complete reasonable and proportionate checks before approving Mr L's application. And I'm satisfied the decision to lend was reasonable based on the information Vanquis obtained. I'm sorry to disappoint Mr L but I haven't been persuaded that Vanquis lent irresponsibly when it approved his application with a credit limit of £1,000.*

*The credit limit was increased to £1,500 in August 2018. I note that all Mr L's payments had been made on time up to that point and his balance remained under the agreed credit limit. Mr L's credit file shows his unsecured debt level had increased to around £7,400 but his payments were all up to date. I think it's fair to note the increase was reasonably modest at £500. I haven't seen anything that would've indicated to Vanquis Mr L was struggling. In my view, the level and nature of Vanquis' checks were reasonable and proportionate to a credit limit of £1,500. And I'm satisfied the decision to increase Mr L's credit limit in August 2018 was reasonable based on the information Vanquis obtained. I haven't been persuaded Vanquis lent irresponsibly.*

*I'm not satisfied that Vanquis completed reasonable and proportionate checks for the subsequent credit limit increases. I note that in the four months before the credit limit increase to £2,500 in September 2019 Mr L incurred three charges for either being over the limit or paying late. In my view, that indicated Mr L may have been struggling to manage his existing credit limit of £1,500. I also think it's fair to note the increase of £1,000 was reasonably large. In my view, the information available to Vanquis before the September 2019 credit limit increase should've caused it to carry out more comprehensive lending checks to ensure Mr L was able to afford higher repayments.*

*I recently asked the investigator to request some bank statements from Mr L covering the three months before the September 2019 credit limit increase. Whilst Mr L forwarded later bank statements, the ones for the months before the September 2019 credit limit increase weren't supplied. So I'm unable to safely conclude what Vanquis would've found if it had*

*asked for them. As I'm unable to say what Vanquis would've found if it had looked at Mr L's bank statements or carried out additional checks in prior to the September 2019 credit limit increase I've relied on the lending information Vanquis provided. Overall, I'm satisfied the credit limit increase to £2,500 was reasonable based on the information Vanquis obtained.*

*I've looked at the following credit limit increases to £3,500 in March 2020 and £4,250 in September 2022. On both occasions, I felt there were grounds for Vanquis to have considered carrying out better checks, like reviewing Mr L's bank statements, in order to ensure repayments were affordable. Mr L's provided bank statements for the three months before each of the credit limit increases which I've used to get a clearer picture of his regular income and outgoings.*

*I can see from Mr L's application he was noted as self employed and the income he received does fluctuate with a combination of what appears to be wages and income for specific jobs. Over the course of the three months before the credit limit increase to £3,500 in March 2020 Mr L earned an average of £5,220 a month. I've looked at Mr L's regular outgoings for items like his existing credit repayments, insurance, utilities and communications for example. I can see Mr L was also making regular personal repayments to third parties that I've taken into account. On average, Mr L's outgoings were around £1,800 a month. That meant Mr L had around £3,400 available after meeting his regular outgoings to cover spending on food, fuel and other general living expenses. I note Mr L's bank account statements showed he had an overdraft, but the account was well managed with no evidence of regular fees or returned payments. In my view, Mr L's bank statements show he had capacity to sustainably afford increased repayments to a credit limit of £3,500. I'm sorry to disappoint Mr L but I haven't been persuaded Vanquis' decision to increase the credit limit to £3,500 was unreasonable.*

*Mr L's bank statements for the three months before the credit limit increase to £4,250 in September 2022 show he had an average income of around £4,865 a month. Mr L's regular outgoings, in line with the details set out above, averaged £2,157 in the previous three months. That meant, Mr L had around £2,709 a month as a disposable income to cover items like food, fuel and other general living expenses. Again, I think that was sufficient for Mr L to sustainably afford repayments to a credit limit of £4,250. In my view, if Vanquis had carried out more detailed checks, like reviewing Mr L's bank statements, it would've still most likely increased his credit limit to £4,250. I'm sorry to disappoint Mr L but I haven't been persuaded Vanquis lent irresponsibly.*

*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 L 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.*

*I invited both parties to respond with any additional comments or information they wanted me to consider before I made my final decision. Mr L responded to say he didn't agree and that it was Vanquis' actions that caused financial difficulty. We didn't receive a response from Vanquis.*

### **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.*

*I understand Mr L isn't willing to accept, but as no new information or details concerning his*

complaint have been provided I see no reason to change the conclusions I reached in my provisional decision. I still haven't been persuaded to uphold Mr L's complaint, for the same reasons I set out in the provisional decision.

### **My final decision**

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 9 June 2025.

Marco Manente  
**Ombudsman**