

The complaint

Ms N complains Vanquis Bank Limited (“Vanquis”) irresponsibly lent her a credit card, and increased her limit. She also complains she didn’t receive a default notice.

What happened

In February 2019 Ms N applied for a credit card with Vanquis. The application was accepted, and they provided her with a credit limit of £1,000. In June 2019, Ms N’s credit limit was increased to £2,000.

In 2020, the account was defaulted as Ms N had stopped making the required minimum repayments to the account.

In April 2024, Ms N complained to Vanquis. She said she felt the lending was irresponsible, and at the time she was gambling which Vanquis ought to have been aware of. She’d like a refund of interest and charges.

Ms N also complained that she hadn’t received a default notice, and the default has resulted in an unfavourable interest rate on her mortgage. She’d like the adverse information removed from her credit report.

In June 2024, Vanquis responded to Ms N’s complaint. They said they make lending decisions based on strict criteria – she was employed with an annual salary of around £32,000, no CCJ’s and the most recent default was 20 months ago and her active debt was around £1,200. Overall based on the checks, they were satisfied it was responsible to lend, both the initial credit and the subsequent increase.

Ms N was unhappy with this response so she referred her complaint to our service. An Investigator here looked into things. They said based on the information Vanquis had at the time of both the account opening and increase the checks carried out were proportionate and fair decisions to lend were made.

Ms N responded in detail as to why she disagreed with the outcome the Investigator reached – she felt Vanquis ignored signs of financial difficulty at the point of increase, they didn’t notice gambling and they didn’t take account of payday lending.

The Investigator responded to these points, and addressed that a default notice was issued to Ms N’s address in March 2020. However, because an agreement couldn’t be reached, the complaint has been passed to me to decide.

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.

Having done so, I've reached the same outcome as the Investigator, for broadly the same reasons. I appreciate this is likely to come as a disappointment to Ms N, so I'd like to explain my reasoning in more detail below.

Account opening

The rules and regulations in place at the time Vanquis provided Ms N with the credit card required them to carry out a reasonable and proportionate assessment of whether she could afford to repay what she owed in a sustainable manner. This is sometimes referred to as an 'affordability assessment' or 'affordability check'.

The checks had to be 'borrower' focused. This means Vanquis had to think about whether repaying the credit sustainably would cause difficulties or adverse consequences for Ms N. In other words, it wasn't enough for Vanquis to consider the likelihood of them getting the funds back or whether Ms N's circumstances met their lending criteria – they had to consider if Ms N could sustainably repay the lending being provided to her.

Checks also had to be 'proportionate' to the specific circumstances of the lending. In general, what constitutes a proportionate affordability check will be dependent on a number of factors including – but not limited to – the particular circumstances of the consumer (e.g. their financial history, current situation and outlook, any indications of vulnerability or financial difficulty) and the amount/type/cost of credit they were seeking. I've kept all of this in mind when thinking about whether Vanquis did what was needed before lending to Ms N.

When Ms N applied for the credit card, Vanquis carried out credit checks and gathered information from Ms N about her income and expenditure. They found out Ms N was earning around £32,000 a year. The credit check showed she had around £1,200 in external credit commitments and did have a default 20 months ago. The credit was being well managed and there was no evidence of payday lending.

I believe the checks Vanquis carried out were proportionate, and considering the amount being provided to Ms N, and the information they gathered in these checks, I don't think they acted unfairly when providing Ms N with the credit card. I say this because it was for a relatively modest amount of £1000, and although there were some signs of financial difficulty in the past, everything in recent months had been much improved. It wouldn't be a significant cost for Ms N to repay this credit in a reasonable period of time based on her salary and existing credit commitments.

So it follows I think Vanquis' checks were reasonable and proportionate, and a fair decision to lend was made.

Limit increase

In June 2019 Vanquis increased Ms N's credit limit to £2,000. At the point of increase, Ms N's external credit commitments had increased to around £6,000 however, Ms N had made repayments to the credit card totalling 1439% of the minimum repayments.

When considering lending complaints, there are no specific checks that lenders must complete before providing additional credit. The rules set out by the regulator merely state that checks should take place and that they should be proportionate to the type and amount of credit being provided. In this case, Ms N was demonstrating she could comfortably afford to repay not only the initial credit limit, but the increase too. And so, Vanquis' checks here were proportionate and I'm satisfied the decision to lend was fair.

I note Ms N's comments regarding gambling - but there is no obligation on lenders to ask to see bank statements, so Vanquis didn't make an error when they didn't automatically ask to see bank statements, particularly when the information they held for her internally was very positive.

There was no gambling on the credit card statements prior to the increase and while I appreciate Ms N said she used the card to withdraw cash, this isn't instantly an indicator of financial difficulty when we consider all of the other information Vanquis held on Ms N. I've also seen Ms N's comments regarding payday lending, but the checks Vanquis received back from the credit reference agencies showed no payday loans.

Default notice

I can see Ms N has also said she didn't receive a default notice, but Vanquis has sent evidence this was posted in March 2020. Ms N cancelled her direct debit and stopped making payments to the account, so I can't say that it's reasonable for Vanquis to remove the default.

It's important that lenders supply accurate and up-to-date information to the credit reference bureaus – and I'm satisfied Vanquis has done so in this case.

In reaching my conclusions, I've also considered whether the lending relationship between Vanquis and Ms N might have been unfair to Ms N under section 140A of the Consumer Credit Act 1974 ("CCA"). However, for the reasons I've explained, I don't think Vanquis irresponsibly lent to Ms N or otherwise treated her unfairly in relation to this matter. And I haven't seen anything to suggest that section 140A CCA or anything else would, given the facts of this complaint, lead to a different outcome here.

Overall and having carefully considered everything, I believe Vanquis' checks were proportionate, and a fair decision to lend was made. This means I've not been persuaded that Vanquis acted unfairly towards Ms N and I'm not upholding the complaint. I appreciate that this will be very disappointing for Ms N. But I hope she'll understand the reasons for my decision and will feel she's been listened to.

My final decision

It's my final decision that Vanquis Bank Limited didn't treat Ms N unfairly when providing her with a credit card, the limit increase, or when defaulting the account.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms N to accept or reject my decision before 19 June 2025.

Meg Raymond
Ombudsman