

The complaint

Mr T complains Vanquis Bank Limited (Vanquis) failed to carry out sufficient checks before it provided a credit card facility and subsequently increased the limit on that credit card account.

What happened

Mr T says he applied for a credit card in February 2020 and was granted a £1,000 credit limit which was then increased by Vanquis in April 2022 to £1,750. Mr T says at the time he applied for the credit card he had sizeable external debt and this was also true when the limit was increased. Mr T says he is self employed and Vanquis should have carried out more thorough financial checks before it approved the credit facilities it did.

Mr T wants Vanquis to refund all interest and charges along with 8% simple interest and any adverse entries on his credit file relating to this debt removed.

Vanquis says it is a responsible lender and takes into account an individual's personal circumstances. Vanquis says it is a low and grow lender helping individuals build their credit rating. Vanquis says it carried out credit checks and at the time of the application in February 2020, Mr T declared an income of £29,000 and had no adverse information on his credit file. Vanquis says it carried out reasonable checks before it granted the initial £1,000 credit limit to Mr T.

Vanquis says before it approved the increase to Mr T's credit limit to £1,750 in April 2022, it conducted an income and expenditure assessment and carried out further credit checks which showed no CCJ's or defaults in the last six months and the account had been managed well. Vanquis says based on the levels of external debt and other information supplied, it felt the level of debt was affordable to Mr T.

Mr T wasn't happy with Vanquis' response and referred the matter to this service.

The investigator looked at all the available information but didn't uphold the complaint. The investigator says there is no set list of checks a lender must undertake before providing credit, but it should consider the type, cost and amount of the borrowing.

The investigator says Vanquis used the information provided on the application form to assess affordability, along with carrying out external credit checks which showed active external borrowing but no evidence of any default, CCJ's or payday loans. The investigator felt the credit approved of £1,000 wasn't a large amount and it wouldn't have prompted Vanquis to carry out further checks.

The investigator says when the credit limit was increased to £1,750 in April 2022, Mr T had a monthly income of around £2,800 with good disposable income levels. The investigator says Vanquis carried out further credit checks at this time and this showed his account with them had been well maintained and with periods showing little or no usage of the previous credit facility. The investigator says the checks also showed there was no evidence of any defaults, CCJ's or pay day loans.

The investigator felt the limit increase was likely to be affordable and the increase was modest in comparison to his income. The investigator didn't think Vanquis had acted unfairly when increasing the limit.

Mr T didn't agree with the investigator's view and asked for the matter to be referred to an ombudsman for a final 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.

Having done so, I won't be upholding this complaint and I will explain how I have come to my decision.

Mr T's complaint centres around the fact Vanquis failed to carry out sufficient financial checks before it approved a credit card facility of £1,000 in February 2020 and subsequently increased the limit to £1,750 in April 2022. Mr T makes the point he was self-employed and had sizeable external debt and more background checks should have been conducted before this level of credit was approved.

While I understand the points Mr T makes here, I'm not fully persuaded by his argument. I say this for a number of reasons, firstly as the investigator pointed out there are no set rules as to what checks a lender like Vanquis must carry out before providing credit, but these should be customer focussed taking into account the amount, type, cost and term of any borrowing.

Here I can see when Mr T applied for a credit card in February 2020, his application had stated his income at £29,000 with comparatively speaking low levels of external debt. I can also see that in addition to its own affordability modelling, Vanquis carried out external credit checks which showed no evidence of any financial pressure such as CCJ's, pay day loans or defaults.

It's also worth pointing out Vanquis are what is known as a "low and grow" lender, meaning it allows applicants to improve their credit standing and the fact Mr T was self-employed wouldn't be a reason for it to reject any credit application. So here, given the fairly modest level of credit approved and based on the checks Vanquis carried out, I'm satisfied these were reasonable and proportionate and no further verification checks were necessary.

As far as the increase in the limit to £1,750 in April 2022 some two years later is concerned, again I'm satisfied the level of checks Vanquis carried out at that time were reasonable and proportionate. While Mr T may not agree, from the information I have seen Vanquis carried out further affordability assessments and additional credit checks, which showed external debt at around £9,000 but again there was no evidence of any defaults, CCJ's or pay day loans and Mr T's income had improved over this time. It's reasonable to say that from what I can see Mr T's income to debt levels weren't excessive and wouldn't necessarily be a cause of concern for Vanquis.

I can also see over this two year period that Mr T's credit card account with Vanquis had been well maintained, with periods of time with little or no utilisation of the credit limit and this was also taken into account by Vanquis before it approved the limit increase. Based on this I can see no reason for Vanquis to have asked for further financial information from Mr T to support the modest credit limit increase here.

As a side point, it's worth mentioning that Mr T was able to secure a sizeable mortgage

around about the same time as the credit limit was increased by Vanquis, which suggests in all probability his financial position was stable at that time.

I've also considered whether Vanquis acted unfairly or unreasonably in some other way given what Mr T has complained about, including whether its relationship with him might have been unfair under s.140A Consumer Credit Act 1974. However, for the same reasons I've set out above, I've not seen anything that makes me think this was likely to have been the case.

While Mr T will be disappointed with my decision, I won't be asking anymore of Vanquis.

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 T to accept or reject my decision before 24 June 2025.

Barry White
Ombudsman