

The complaint

Mrs C says Vanquis Bank Limited, irresponsibly lent to her. She says that it didn't take reasonable steps to ensure she could afford the repayments towards a credit card. She says that her financial situation was precarious when she took the card, and Vanquis should have seen this and not lent to her.

Mrs C also says that Vanquis also provided poor customer service when she was in a period of financial difficulty.

Mrs C's complaint has been brought by a representative and I've referred to Mrs C and the representatives' comments as being from Mrs C herself for ease of reading.

What happened

This complaint is about a credit card that Mrs C started in 2021. The card had a credit limit of £500.

Mrs C complained to Vanquis saying that it didn't make appropriate checks before approving the card. And repaying the card caused her financial difficulties and some stress, and this in turn impacted her mental health.

Vanquis considered this complaint, and it didn't uphold it. Vanquis thought it'd made adequate checks in proportion to the amount of credit that was being granted. And it didn't think that it was irresponsible to have approved a credit card for Mrs C.

Mrs C didn't agree with this and brought her complaint to the Financial Ombudsman Service. Our Investigator didn't uphold Mrs C's complaint. They thought that Vanquis did proportionate checks before lending and these showed the loan was likely to be affordable. There was nothing to suggest that she was over-indebted or struggling financially.

Mrs C didn't agree with the Investigator. She said that she has some significant health problems and which, coupled with her fixed income, led to her being unable to repay the card and sustain herself. If Vanquis had completed better checks it would have seen her lack of financial stability and not lent to her.

Because Mrs C didn't agree, this matter has been passed to me to make 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.

When someone complains about irresponsible and/or unaffordable lending, there are two overarching questions I need to consider when deciding what's fair and reasonable in all of the circumstances of the complaint. These are:

1. Did Vanquis complete reasonable and proportionate checks to satisfy itself that Mrs C would be able to repay the credit in a sustainable way?
 - a. if so, did Vanquis make a fair lending decision?
 - b. if not, would reasonable and proportionate checks have shown that Mrs C could sustainably repay the borrowing?
2. Did Vanquis act unfairly or unreasonably in some other way?

And, if I determine that Vanquis didn't act fairly and reasonably when considering Mrs C's application, I'll also consider what I think is a fair way to put things right.

Did Vanquis complete reasonable and proportionate checks to satisfy itself that Mrs C would be able to repay the credit in a sustainable way?

There's no set list for what reasonable and proportionate checks are, but I'd expect lenders to consider things such as the amount, duration, and payments of the finance being applied for, as well as the borrowers' personal circumstances at the time of each application.

Vanquis have explained that Mrs C told it as part of the application process that she was retired and had an income of just over £700 a month. I think it was reasonable, in this case, for Vanquis to rely on the information Mrs C supplied about her income and circumstances, given the amount of credit being advanced in relation to what she declared as her monthly income.

Vanquis also received some information from a credit reference agency about Mrs C's financial circumstances. This showed Mrs C had around £225 of unsecured debt over three active accounts. There were no current reported defaults, missed payments or other negative credit reference indicators.

So, based on this information, while it's clear that Mrs C had some credit when she applied for a card with Vanquis, she was maintaining all payments and there were no indications of any financial difficulties.

Mrs C had defaulted on some credit in the past, but this was in 2017. She had also become bankrupt in 2017. So, whilst Mrs C had some historic problems, these were far enough in the past to make it reasonable for Vanquis to consider they were not indicative of any current financial difficulties.

Overall, there's nothing on this report that shows me Vanquis should've declined Mrs C's application, or that it should've been unduly concerned about her current financial position.

I have noted that Mrs C was retired and so her income was likely to be fixed. But this was a card with a modest credit limit and the corresponding payments to it would also be modest. So, I don't think this is a material factor in this case.

Mrs C has said that she was having health problems at the time of sale. But there isn't anything to show that Vanquis was made aware of these. And given the modest amount of credit that it offered I don't think it needed to investigate her circumstances further. I think it would have been disproportionate for Vanquis to have asked about Mrs C's health.

I haven't seen any further information that shows it's likely Vanquis was made aware of any financial problems Mrs C might've been having. Or anything that would've prompted it to investigate her circumstances further. So, I think it was reasonable for Vanquis to rely on the information it obtained.

So overall, in these circumstances, I think the assessments Vanquis did before approving the car were reasonable. And I think its decision to approve the card was also reasonable.

Did Vanquis act unfairly or unreasonably in some other way?

I haven't seen anything to make me think Vanquis acted unfairly or unreasonably in some other way.

Mrs C said that Vanquis didn't help her out when she was in financial difficulties, But I've looked at the credit card statement and the contact history and I can see she did pay the account largely without problems and she was in contact with Vanquis regularly. She did go over her credit limit a few times by very modest amounts, but this was quickly rectified. I've seen no evidence that Vanquis didn't help Mrs C when she wanted assistance.

I've also considered whether Vanquis acted unfairly or unreasonably in any other way, and I have considered 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 it lent irresponsibly to Mrs C or otherwise treated her 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.

My final decision

For the reasons set out above, I don't uphold Mrs C's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 15 July 2025.

Andy Burlinson
Ombudsman