

The complaint

Mr W complains Vanquis Bank Limited (“Vanquis”) lent him a credit card without an adequate assessment of whether or not he could afford the card.

What happened

In February 2019, Mr W applied for a credit card with Vanquis. The application was approved and he was provided with an initial credit limit of £500.

The credit limit was increased on four further occasions – starting in June 2019 when the limit was increased to £1,000. It was increased again in July 2020 to £2,200 and again in January 2021 to £2,750. The final increase was to £3,750 in May 2021.

In April 2023, the credit limit was reduced from £3,750 to £1,150. Although Mr W has made references to the account being defaulted in his

Mr W complained to Vanquis. He complained the credit card was lent irresponsibly due to his financial situation at the time. In a follow up email to Vanquis from Mr W, there was reference to the account being defaulted – although it doesn’t appear this is the case.

Vanquis responded to Mr W in March 2025 rejecting his complaint. They explained their credit scoring process and said at the time of application, Mr W declared his annual salary as £38,000 and he hadn’t had any County Court Judgements (CCJs) for 34 months and no defaults for 22 months. His active debt was around £100 and therefore they were satisfied £500 would be affordable for him and proportionate checks were carried out.

Vanquis said they followed the same process for each increase, and remained satisfied they were affordable for Mr W and proportionate checks were completed. Mr W didn’t agree, so the complaint was referred to our service.

An Investigator here looked into things. They were in agreement that the checks carried out were reasonable and proportionate, and overall Vanquis made a fair decision to lend to Mr W both at the point of opening, and for all the increases.

Mr W didn’t agree – he feels the outcome can’t be correct because it relies on a water related debt which he never had. He also maintained Vanquis were irresponsible in approving the application because he had an active CCJ, multiple defaulted accounts or accounts in collection and a low and unstable income.

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.

I'll start by saying I note Mr W has responded in great detail to our Investigator about his situation at the time and why he remains unhappy, and I've not responded in as much detail. This doesn't mean I haven't seen everything he's said, and I can assure him I've taken it into account, but it's the informal nature of our service.

The rules and regulations in place at the time Vanquis provided Mr W with the credit card and subsequent increases required them to carry out a reasonable and proportionate assessment of whether he could afford to repay what he 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 Mr W. In other words, it wasn't enough for Vanquis to consider the likelihood of them getting the funds back or whether Mr W's circumstances met their lending criteria – they had to consider if Mr W could sustainably repay the lending being provided to him.

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 Mr W.

Account opening

When Mr W applied for the card, Vanquis relied upon a mix of the information Mr W declared at application and information received from the credit reference agencies (CRA) and Office for National Statistics (ONS) data.

Mr W declared an annual salary of £38,000 and declared his housing costs at £500. Vanquis saw from the CRA data that he had a default 22 months earlier and a CCJ 34 months earlier. It also showed that while he had two active accounts at the time, he didn't have any credit card accounts.

I've noted Mr W's comments regarding Vanquis not verifying his exact income – but there's also an onus that the applicant provides accurate information. On top of this, I can see that although Mr W declared an annual salary of £38,000 which would give him a monthly income of approximately £2,400, Vanquis also collated ONS data which estimated Mr W's income at £1,579 per month – significantly less than declared and it was still deemed affordable.

I believe the checks NewDay carried out were proportionate, and considering the amount being provided to Mr W, and the information they gathered in these checks, I don't think they acted unfairly when providing Mr W with the credit card. I say this because it was for a relatively modest amount of £500, 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 Mr W to repay this credit in a reasonable period of time based on his salary and existing credit commitments.

Limit increase one

At the point of the first limit increase, Vanquis found out there was no new adverse information and Mr W's existing commitments remained low, so based on this alone I think Vanquis' decision to increase the limit was fair.

However I've also thought about how Mr W managed the account since he account opening. Mr W, on average, only used around 40% of the credit available to him and was paying approximately 3200% of the minimum payment – which is significantly over what's owed. I think this alone would demonstrate to Vanquis that Mr W would be able to afford the limit increase, and so again, I don't think they've acted unfairly when increasing the credit limit from £500 to £1,000.

Limit increase two

When Vanquis increased Mr W's credit limit to £2,200 his overall external indebtedness had increased to around £1,000. But based on the information Vanquis received back from the CRA's, it was well managed. There was no new adverse information.

It's also important to note that at the point of this increase, Vanquis asked Mr W to reconfirm some details regarding his income and expenditure prior to increasing the limit. Having done so, Mr W confirmed he was earning £2,300 per month and his monthly expenditure was around £1,400 per month with two dependents.

Similar to before, Mr W was managing the account well. Although his utilisation of the credit facility had increased, he was still making over the minimum repayment, and so with this in mind, again, I believe the checks were proportionate and a fair decision to lend was made.

Limit increase three

Mr W's financial picture, based on the information Vanquis got from the CRA's and based on the information they asked Mr W to confirm was much the same as the second increase at this point in January 2021. There was no new adverse information and his external credit commitments had remained the same – relatively low at around £1,000. Mr W wasn't using the credit card up to the limit and he was still making slightly over the average minimum repayment amount. So it follows I believe Vanquis' checks were proportionate, and a fair decision to lend was made.

Final limit increase

I've considered all of the same information when looking at the final limit increase, to £3,750. Mr W's payments to Vanquis during the period between the third and last increase were significant – over 1000% of the minimum due. He wasn't using a lot of the available credit. He hadn't missed or made any late payments throughout the entire relationship between himself and Vanquis.

His overall indebtedness had increased slightly to around £3,700 but this was all well managed. There was no new external adverse and again, they asked Mr W to confirm his income and expenditure prior to increasing the limit, which he did, again showing little change in his circumstances.

While I'm not disputing Mr W may have been struggling financially, there was nothing to indicate to Vanquis he was in any kind of financial difficulty. I've cross reference three sources of information at every point Vanquis lent – the CRA data, the data Mr W provided to Vanquis himself and the way in which he managed the account – and all suggest Mr W was managing the card and his external debts well.

Therefore, again, I believe Vanquis' checks were proportionate and a fair decision to lend was made. I appreciate this will come as a disappointment to Mr W, but it's my role to take an impartial look at what's happened and if Vanquis have treated him unfairly – and this complaint I can't say they have.

In reaching my conclusions, I've also considered whether the lending relationship between Vanquis and Mr W might have been unfair to Mr W under s140A of the Consumer Credit Act 1974 ("CCA"). However, for the reasons I've already explained, I'm satisfied that Vanquis did not lend irresponsibly when providing Mr W with the credit card, or by increasing his credit limit. And I haven't seen anything to suggest that s140A CCA would, given the facts of this complaint, lead to a different outcome here.

So while it'll likely come as a disappointment to Mr W, I won't be upholding his complaint against Vanquis for the reasons explained above.

My final decision

It's my final decision that Vanquis Bank Limited didn't treat Mr W unfairly when lending to him either at account opening, or when increasing the credit limit.

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

Meg Raymond
Ombudsman