

## **The complaint**

Miss R complains Vanquis Bank Limited (Vanquis) failed to carry out adequate financial checks before it approved a credit card account for her.

## **What happened**

Miss R says Vanquis approved a credit card account for her in February 2020 with a credit limit of £500 and subsequently increased the credit limit to £850 in April 2022, despite a history of defaulted accounts. Miss R says if Vanquis had carried out more thorough financial checks before the credit limits were approved, it would have seen the borrowing was unaffordable.

Miss R wants Vanquis to refund all interest and charges along with 8% simple interest and remove any adverse data from her credit file relating to this account.

Vanquis says it is satisfied it carried out reasonable and proportionate financial checks using data from Miss R's credit application and from recognised credit reference agencies (CRA's), before it approved the credit card facility and the subsequent limit increase over two years later. Vanquis says it wouldn't ordinarily request sight of bank statements before approving credit facilities for its customers.

Miss R referred the matter to this service for consideration.

The investigator looked at all the available information but didn't uphold the complaint. The investigator says there are no set list of checks lenders like Vanquis must undertake before it approves credit facilities, but these should be borrower focused. The investigator says from the information he had seen, before the initial credit card was approved in February 2020 and when the credit limit was increased in April 2022, Vanquis had carried out reasonable financial checks to establish affordability.

The investigator pointed out while there was a background of a default of around £500 this was 11 months old prior to the initial borrowing approved, and 15 months old when the increased limit was approved with no CCJ's recorded. The investigator felt Vanquis had carried out reasonable affordability assessments prior to both credit limits being approved and it had a good understanding of Miss R's financial circumstances.

Miss R 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.

When looking at this complaint I will consider if Vanquis failed to carry out reasonable and

proportionate financial checks before it approved a credit card account for Miss R in February 2020 and subsequently increased the credit limit on that account in April 2022.

Miss R's complaint centres around her view that Vanquis failed to carry out suitable affordability checks before it initially approved a credit card account for her in February 2020 with a credit limit of £500 and subsequently increased the limit to £850 in April 2022. Miss R says her credit file shows she had previously defaulted accounts and that should have been a red flag to Vanquis, and the credit shouldn't have been approved.

As the investigator has pointed out, there are no set list of checks lenders like Vanquis must carry out before approving credit facilities but these should be borrower focused taking into account the amount, type, term and cost of any borrowing. I should say here it's not for me to tell Vanquis what those checks must consist of, or from what sources those checks should come from.

It's worth saying here Vanquis are what is known as a "*low and grow*" lender and provide credit to consumers with a less than perfect credit background. This means Vanquis provide an initial modest credit facility and look to increase the facility over time having seen the account managed within the terms of the agreement and therefore helps consumers like Miss R to build their credit standing over time.

Here from the information I have seen, when the initial credit card limit was approved in February 2020, Vanquis relied upon information from Miss R's credit application, along with data provided by recognised CRA's. At that time Miss R had declared an income of £16,000 per annum and Vanquis using industry standard data and modelling, calculated her net disposable income after all essential costs was around £469 per month to meet the £500 credit card commitment.

While there was some evidence of defaulted accounts, these were 11 months old and there were no signs of CCJ's or a worsening of her financial affairs, so this would have aligned to Vanquis' approach to provide credit to consumers with a less than perfect credit history.

Again when the increased credit limit of £850 was approved in April 2022, over two years later, Vanquis carried out further financial checks via the CRA's which showed no further defaults for 15 months and Miss R's indebtedness was much the same, with no CCJ's outstanding which might have prompted further investigation.

It's also fair to say by this time, Vanquis had established a credit relationship with Miss R for over two years and from the account statements I have seen, the account was well run over all during that time with regular large payments made exceeding the minimum amount required each month, suggesting there was no obvious financial stress here. Miss R's income had also increased during this period, with a net monthly income of £1,900 and a healthy net disposable income of around £1,000 per month, to meet what was after all a modest credit limit increase.

It's fair to say that I wouldn't expect in those circumstances for Vanquis to undertake the same level of intensive due diligence one might expect to see for say a larger committed long term loan. So, I'm satisfied from the affordability modelling Vanquis carried out, based on internal and external data sources, that was sufficient for it to conclude the credit limits it approved were affordable and sustainable without any further financial evidence being provided from Miss R.

I've also considered whether Vanquis acted unfairly or unreasonably in some other way given what Miss R has complained about, including whether its relationship with her might have been unfair under s.140A Consumer Credit Act 1974. However, for the same reasons I

have set out above, I've not seen anything that makes me think this was likely to have been the case.

While Miss R 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 Miss R to accept or reject my decision before 21 October 2025.

Barry White  
**Ombudsman**