

Complaint

Mrs C has complained about a credit card Vanquis Bank Limited (“Vanquis”) provided to her. She says the credit card was unaffordable and so shouldn’t have been provided to her.

Background

Vanquis provided Mrs C with a credit card with an initial limit of £1,000.00 in February 2019. Mrs C’s credit limit was never increased.

One of our investigators reviewed what Mrs C and Vanquis had told us. And she thought Vanquis hadn’t done anything wrong or treated Mrs C unfairly. So she didn’t recommend that Mrs C’s complaint be upheld.

Mrs C disagreed and asked for an ombudsman to look at her complaint.

My findings

I’ve considered all the available evidence and arguments to decide what’s fair and reasonable in the circumstances of this complaint.

We’ve explained how we handle complaints about unaffordable and irresponsible lending on our website. And I’ve used this approach to help me decide Mrs C’s complaint.

Having carefully considered everything, I’ve decided not to uphold Mrs C’s complaint. I’ll explain why in a little more detail.

Vanquis needed to make sure it didn’t lend irresponsibly. In practice, what this means is Vanquis needed to carry out proportionate checks to be able to understand whether Mrs C could afford to repay any credit it provided.

Our website sets out what we typically think about when deciding whether a lender’s checks were proportionate. Generally, we think it’s reasonable for a lender’s checks to be less thorough – in terms of how much information it gathers and what it does to verify it – in the early stages of a lending relationship.

But we might think it needed to do more if, for example, a borrower’s income was low or the amount lent was high. And the longer the lending relationship goes on, the greater the risk of it becoming unsustainable and the borrower experiencing financial difficulty. So we’d expect a lender to be able to show that it didn’t continue to lend to a customer irresponsibly.

Vanquis says it initially agreed to Mrs C’s application after it obtained information on her income and carried out a credit search. And the information obtained indicated that Mrs C would be able to make the monthly repayments due for this credit card.

On the other hand, Mrs C says that she shouldn’t have been lent to.

I’ve considered what the parties have said.

What's important to note is that Mrs C was provided with a revolving credit facility rather than a loan. And this means that Vanquis was required to understand whether a credit limit of £1,000.00 could be repaid within a reasonable period of time, rather than whether £1,000.00 could be paid all in one go. A credit limit of £1,000.00 required low monthly payments in order to clear the full amount that could be owed within a reasonable period of time.

I understand that Mrs C appears to have declared that she was employed full time and earning £36,000.00 a year. I accept that Vanquis' credit searches did show that Mrs C had defaulted on a previous credit account and that she had a county court judgment ("CCJ") recorded against her. However, these were historic as the CCJ was settled and had been obtained more than eighteen months prior to this application. Furthermore, the default took place almost six years prior to this application and was about to drop off Mrs C's credit file.

As this is the case, I don't think that this adverse information in itself meant that Mrs C shouldn't have been lent to. This is particularly as the amount of active credit Mrs C had at the time was pretty low. Nonetheless, I think that Vanquis needed to factor this into its decision on whether to lend to Mrs C. In deciding to provide Mrs C with a limit of £1,000.00 without understanding her living expenses, I don't think that Vanquis did do this and I'm satisfied that it failed to carry out reasonable and proportionate checks before lending in this instance.

That said, I don't think that Vanquis carrying out further checks is more likely than not to have made a difference here. I say this because I'm satisfied that Vanquis is still likely to have lent to Mrs C even if it had found out more about her actual living expenses, rather than relying on any statistical data.

I say this because the information Mrs C has provided from the time does appear to show that when her discernible committed regular living expenses and the credit commitments Vanquis is likely to have known about are deducted from the funds she received, she did have the funds, at the time at least, to sustainably make the repayments due under this agreement.

So overall and having carefully considered everything, I've not been persuaded that proportionate checks would have shown that Vanquis that it shouldn't have provided this credit card to Mrs C.

In reaching my conclusions, I've also considered whether the lending relationship between Vanquis and Mrs C might have been unfair to Mrs C under section 140A of the Consumer Credit Act 1974 ("CCA").

However, for the reasons I've explained, I've not been persuaded that Vanquis irresponsibly lent to Mrs C 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 considered everything, while I can understand Mrs C's sentiments, I don't think that Vanquis treated Mrs C unfairly or unreasonably when providing her with her credit card. And I'm not upholding Mrs C's complaint. I appreciate this will be very disappointing for Mrs C. But I hope she'll understand the reasons for my decision and that she'll at least feel her concerns have been listened to.

My final decision

For the reasons I've explained, I'm not upholding 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 3 July 2025.

Jeshen Narayanan
Ombudsman