

The complaint

Ms P complains that Vanquis Bank Limited lent to her irresponsibly.

What happened

On 1 April 2022, Ms P applied for and received a loan from Vanquis. It was agreed on the following terms:

Amount	Term	Monthly repayment	Total payable
£4,000	24 months	£209.03	£5,016.72

Ms P made all the repayments on time and repaid the agreement in full on 1 April 2024.

On 8 November 2024, Ms P complained to Vanquis. She said the loan shouldn't have been agreed as it was unaffordable for her. She said that she had *"multiple missed payments on [her] record which worsened after [she] had taken out the loan"*.

Vanquis looked into Ms P's complaint and issued a final response letter. It outlined the checks it had carried out including verifying her annual income of £114,600, checking her credit file and using the information it found – and that she declared – to work out her expenditure. It was satisfied the loan was affordable for Ms P and it didn't uphold her complaint.

Ms P didn't accept Vanquis' response so she referred her complaint to our service. One of our investigators looked into it. He felt Vanquis had carried out reasonable checks on her application and had ultimately reached a fair decision to lend to her. He didn't uphold Ms P's complaint.

Ms P didn't agree with our investigator so as there was no agreement, the complaint has been passed to me for a 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.

We've set out our approach to complaints about irresponsible and unaffordable lending on our website – including the key relevant rules, guidance, good industry practice and law. I've considered this approach when deciding this complaint.

Vanquis needed to carry out reasonable and proportionate checks to ensure that it didn't lend to Ms P irresponsibly. I think there are key questions I need to consider in order to decide what is fair and reasonable in the circumstances of this complaint:

- Did Vanquis carry out reasonable and proportionate checks to satisfy itself that Ms P was in a position to sustainably meet the repayments?

- If not, what would reasonable and proportionate checks have shown at the time?
- Did Vanquis make a fair lending decision?
- Did Vanquis act unfairly or unreasonably towards Ms P in some other way?

Vanquis had to carry out reasonable and proportionate checks to satisfy itself that Ms P would be able to repay the loan sustainably. It's not about it assessing the likelihood of it being repaid, but it had to consider the impact of the repayments on her. There is no set list of checks that it had to do, but it could take into account several different things such as the amount and length of the loan, the amount of the repayments and the overall circumstances of the borrower.

When Ms P applied for the loan, she declared she had an annual income of £114,600 and housing costs of £425 per month. Vanquis calculated her income to be £6,020 and verified it using an online tool. It went on to review her credit file and noted she had a significant amount of debt elsewhere - around £74,000 around half of which was loans, and the remainder was revolving credit (credit cards, a mail order account and overdraft).

The data shows she had missed or been late with a repayment from time to time, but on the whole the credit was well run. Vanquis calculated the repayments to Ms P's credit as being £2,726 per month based on her credit file.

Vanquis added this debt repayment figure to her declared housing costs of £425 and an estimate of her living costs based on statistical information to reach an overall expenditure figure. It deducted that from her monthly income to work out her monthly disposable income. This gave a figure of £1,876 – more than enough to sustainably meet the £209 per month repayment to this loan.

Overall, for someone on Ms P's income, this was a relatively small loan and over a relatively short period of time. Her existing credit was being serviced and it appeared she had sufficient disposable income to meet the repayments. All things considered, I think the checks Vanquis carried out were reasonable and proportionate. I think it reached a fair decision to lend to her.

Did Vanquis act unfairly or unreasonably towards Ms P in some other way?

Ms P has told us she struggled to make the repayments due on the loan and has provided an income and expenditure calculation (i&e) which shows she didn't have the disposable income Vanquis had calculated.

I've looked carefully at the i&e Ms P has sent us. It includes a number of items of expenditure that I wouldn't expect Vanquis to have accounted for such as school fees, and a high level of discretionary expenditure. Ms P says her employment means she needs to spend more on her appearance than others and I understand why that might be.

As I would expect, Vanquis applied its' usual processes to Ms P's application. The regulations applicable do not require a lender to see proof of income and expenditure, rather they allow lenders discretion about how they conduct checks to satisfy themselves that lending is affordable for applicants. Lenders are able to consider statistical data to calculate expenditure unless they know or have reasonable cause to suspect the data may be unlikely to be reasonably representative of the customer's situation.

In line with many other lenders, Vanquis has built a process which allows it to make quick decisions on the majority of applications it sees using data available to it from a variety of sources including the applicant themselves. No one knows the applicant's situation better

than the applicant. Given its usual process, I wouldn't expect Vanquis to have identified that Ms P would have the unusual level of expenditure she has mentioned, unless it was disclosed to it. I wouldn't expect it to have taken such things into account in reaching its estimate of her expenditure.

I've not seen anything which suggests that Ms P contacted Vanquis about problems in meeting the repayments which were being received each month with no apparent issues. The loan was repaid in full on time. I can't reasonably conclude that Vanquis ought to have been aware she was finding it difficult to repay the loan, or that it has treated her unfairly in this regard.

For the reasons I've already given, I don't think Vanquis lent irresponsibly to Ms P or otherwise treated her unfairly in relation to this matter. I haven't seen anything to suggest that Section 140A of the Consumer Credit Act 1974 would, given the facts of this complaint, lead to a different outcome here.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms P to accept or reject my decision before 8 October 2025.

Richard Hale
Ombudsman