

## **The complaint**

Mr J complains Vanquis Bank Limited (“Vanquis”) lent to him irresponsibly. He said as a result, his credit file has been affected.

## **What happened**

In January 2022 Mr J applied for a credit card with Vanquis. The application was approved and he was provided with a £600 credit limit. This limit was never increased. By September of the same year, the debt had been sold to a third party.

Mr J complained to Vanquis in April 2025. He felt the lending was irresponsible. Vanquis responded to the complaint in May 2025, rejecting it. They felt that they’d conducted proportionate checks and the lending decisions were responsible.

Because Mr J didn’t agree, he referred the complaint to our service. An Investigator here looked into things. They agreed with Vanquis that the lending decision was fair, and proportionate checks were carried out at the time of application. Mr J didn’t agree and responded with pushback regarding the Financial Conduct Authority’s (FCA) rules on irresponsible lending and the default on his credit reference agency (CRA) information being historic.

The Investigator issued a second opinion on the complaint that explained to Mr J his thoughts on the default and why they felt Vanquis weren’t required to conduct further checks at the point of application.

After some back and forth following the second opinion issued, an agreement couldn’t be reached, and so 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.

Having done so, I’ve reached the same outcome as the Investigator. I appreciate this will come as a disappointment to Mr J, so I’ll explain why below.

I also want to acknowledge that it’s very clear to me just how important this matter is for Mr J. I think it’s important I explain that whilst I have read and considered all the information provided by both parties, I’ve outlined my findings in considerably less detail. I don’t mean any discourtesy by this, rather this reflects the informal nature of our service.

I note Mr J’s comments regarding the Consumer Credit Sourcebook (CONC). And I can assure him our service does take this into consideration when looking at complaints. The rules and regulations in place at the time Vanquis provided Mr J with the credit card 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. But there are no specific checks that lenders must complete before approving an application for credit. The rules set out by the regulator merely state that checks should take place and that they should be proportionate to the type and amount of credit being provided.

This means Vanquis had to think about whether repaying the credit sustainably would cause difficulties or adverse consequences for Mr J. In other words, it wasn't enough for Vanquis to consider the likelihood of them getting the funds back or whether Mr J's circumstances met their lending criteria – they had to consider if Mr J 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 J.

When assessing Mr J's application, Vanquis used both the information declared by him and information they obtained from the CRA's. This combined showed Vanquis that Mr J was earning around £1,800 per month, he had a two defaults 20 months earlier, his current external debt was around £675 and, based on this data, his estimated disposable income was around £1,200.

There was an account showing six months' worth of arrears, but this account was settled and closed five months prior to this account being opened in August 2021. All other open accounts were being well managed at the time of application. As this is the case, I don't think that Mr J's adverse information in itself meant that Mr J shouldn't have been lent to in the way he's said. In my view, it meant that Vanquis needed to take more caution which it did do by offering a low initial credit limit to begin with.

In these circumstances, I believe the checks Vanquis carried out were proportionate, and considering the amount being provided to Mr J, and the information they gathered in these checks, I don't think they acted unfairly when providing Mr J with the credit card. I say this because it was for a modest amount of £600, and although there were signs of financial difficulty in the past, everything in recent months had been much improved. It wouldn't be a significant cost for Mr J to repay this credit in a reasonable period of time based on his salary and existing credit commitments.

While Mr J correctly points out a default remains on the credit report for six years, it's not there to exclude customers from financial products for six years. Indeed, the rules Mr J has referred to do not state that lender should not lend to customers who have previously defaulted under any circumstances. Some lenders will look to offer lower limits, with higher interest rates to reintroduce customers to borrowing, helping with access to credit and rebuilding a blemished credit report. This is the case here – and there's nothing in CONC that suggests this isn't ok.

So while I appreciate this will come as a disappointment to Mr J, I find Vanquis' checks proportionate, and I don't think they were unfair when deciding to lend him the £600 credit limit.

In reaching my conclusions, I've also considered whether the lending relationship between Vanquis and Mr J might have been unfair to Mr J 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 J 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.

### **My final decision**

It's my final decision that Vanquis Bank Limited acted fairly when lending to Mr J.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 24 July 2025.

Meg Raymond  
**Ombudsman**