

The complaint

Mr R complains that Vanquis Bank Limited irresponsibly lent to him.

Mr R is represented by a claims management company in bringing this complaint. But for ease of reading, I'll refer to any submission and comments they have made as being made by Mr R himself.

What happened

Mr R was approved for a Vanquis credit card in December 2016 with a £250 credit limit. I have detailed the credit limit changes below:

March 2017	£250 to £500
November 2017	£500 to £1,500
August 2018	£1,500 to £2,250

Mr R says that Vanquis irresponsibly lent to him, and he made a complaint to Vanquis, who said his complaint was brought too late for them to consider the merits of his complaint. Mr R brought his complaint to our service. Vanquis gave our service their consent for us to review the merits of Mr R's complaint.

Our investigator did not uphold Mr R's complaint. She said Vanquis should have made further checks for the lending decisions, but further checks would have shown the lending was affordable for him. Mr R asked for an ombudsman to review his complaint. He made a number of points. In summary, he said that Vanquis kept increasing the credit limit which resulted in him having financial hardship. He said he was struggling to pay for his main bills, and the interest Vanquis charged eventually resulted in him taking out a personal loan at a lower interest rate to clear the debt.

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.

Mr R has made a number of points to this service, and I've considered and read everything he's said and sent us. But, in line with this service's role as a quick and informal body I'll be focusing on the crux of his complaint in deciding what's fair and reasonable here.

Before agreeing to approve or increase the credit available to Mr R, Vanquis needed to make proportionate checks to determine whether the credit was affordable and sustainable for him. There's no prescribed list of checks a lender should make. But the kind of things I expect lenders to consider include - but are not limited to: the type and amount of credit, the borrower's income and credit history, the amount and frequency of repayments, as well as the consumer's personal circumstances. I've listed below what checks Vanquis have done and whether I'm persuaded these checks were proportionate.

Acceptance for the Vanquis credit card

I've looked at what checks Vanquis said they did when initially approving Mr R's application. I'll address the credit limit increases later on. Vanquis said they completed a credit check with a Credit Reference Agency (CRA) and information that Mr R had provided before approving his application.

The information showed that Mr R declared he was part time employed with a gross annual household income of £54,000, and a personal income of £14,400. The CRA showed he had active unsecured debt of £968 at the time the checks were completed.

The CRA did not report any defaulted accounts or County Court Judgements (CCJ's) on his credit file. None of his active accounts were in an arrangement to pay. But Mr R had an account in arrears within the last 12 months. It does appear to be an oversight though as Mr R had brought the account up to date in the following month. One of Mr R's accounts showed a £3 balance, but there was no credit limit showing on the account, so Mr R may have entered into an unarranged overdraft.

So I'm persuaded that Vanquis should have completed further checks to ensure that repayments on a £250 credit limit would be affordable and sustainable for him, especially as Vanquis did not complete an affordability assessment as part of this lending decision.

There's no set way of how Vanquis should have made further proportionate checks. One of the things they could have done was to contact Mr R to ensure that he could afford the repayments on his Vanquis account. Or they could have asked for his bank statements as part of a proportionate check to ensure the lending was sustainable and affordable for him.

Mr R does have an account which is constantly overdrawn and he incurs unplanned overdraft fees. But being in an overdraft in its own right does not mean that other borrowing would be unaffordable. Mr R has provided bank statements which shows he has an account which is often in credit by four figures, compared to him often being three figures overdrawn. So it would appear that the overdrawn account was through poor management of the account as opposed to financial difficulty.

So if Vanquis would have requested Mr R's bank statements as part of a proportionate check, I'm persuaded that they would have still approved a £250 credit limit, and I'm persuaded that they made a fair lending decision here.

March 2017 credit limit increase - £250 to £500

I've looked at what checks Vanquis said they did as part of this lending decision. Mr R's active unsecured debt was similar to the account opening stage as it was showing as being £969. But the CRA reported a £3 delinquency value. The CRA also reported that it had only been two months since Mr R had been two months in arrears on an account.

Mr R didn't incur any late repayment or overlimit fees but based on the recent arrears on an external account, I'm persuaded that Vanquis should have completed further checks to ensure that Mr R could afford sustainable repayments for a £500 credit limit.

Mr R has again provided his bank statements leading up to this lending decision. His accounts are generally well run although one of them is often overdrawn. But I could not locate any unplanned overdraft fees for the three months I looked at leading up to this credit limit increase. There were also no returned direct debits. Mr R also appears to receive more income than he did at the last lending decision checks.

So if Vanquis would have requested Mr R's statements as part of a proportionate check, then I'm persuaded that they would have seen that Mr R had the affordability to make repayments for a £500 credit limit, and they made a fair lending decision here.

November 2017 credit limit increase - £500 to £1,500

Mr R's active unsecured debt was similar to the last lending decision as it was showing as being £966. But the CRA again reported a £3 delinquency value and that it had only been two months since Mr R had been two months in arrears on an account.

Mr R had not incurred any late payment fees since the last lending decision, but he had incurred two overlimit fees in consecutive months. So I'm persuaded that Vanquis should have made further checks to ensure the lending was sustainable and affordable for Mr R, especially as the credit limit was trebling.

I've viewed Mr R's bank statements leading up to this lending decision. He again has one account which is constantly overdrawn, however, it appears he stays within his arranged overdraft limit as he doesn't incur any unplanned overdraft fees. Mr R's other account statements appear to show an increase in his income, and the account is generally well run. There are no returned direct debits on any of the account statements.

So if Vanquis would have requested Mr R's statements as part of a proportionate check, then I'm persuaded that they would have seen that Mr R had the affordability to make repayments for a £1,500 credit limit, and they made a fair lending decision here.

August 2018 credit limit increase - £1,500 to £2,250

Mr R's active unsecured debt was again similar to the last lending decision as it was showing as being £967. But the CRA again reported a £3 delinquency value and that it had only been two months since Mr R had been two months in arrears on an account.

Mr R had not incurred any late payment fees since the last lending decision, but he had incurred an overlimit fee. So based on these factors, I'm persuaded that Vanquis should have made further checks to ensure the lending was sustainable and affordable for Mr R.

I've viewed Mr R's bank statements leading up to this lending decision. He again has one account which is constantly overdrawn, however, it appears he stays within his arranged overdraft limit as he doesn't incur any unplanned overdraft fees. Mr R's other account statements appear to show another increase in his income, and the account is generally well run.

I did see that there was one returned direct debit, but this appears to have been an oversight as Mr R's account was shortly in credit after this when an income credited his account. But the account was often in a three figure credit position. In addition to this, Mr R's bank statement shows him making a repayment to Vanquis on 25 July 2018 (albeit it shows on his Vanquis account on 24 July 2018) for £1,470, which I wouldn't expect Mr R to be able to pay this amount if he was struggling financially. Based on his external borrowing highlighted in the first paragraph, it would appear that Mr R didn't use an external lender to fund this repayment.

So if Vanquis would have requested Mr R's statements as part of a proportionate check, then I'm persuaded that they would have seen that Mr R had the affordability to make repayments for a £2,250 credit limit, and they made a fair lending decision here.

I've considered what Mr R has said about his financial hardship, and him having to take out

a loan to clear the debt. I can empathise with what Mr R has told us here. But the data suggests Mr R's financial hardship occurred almost a year after the last credit limit increase when his external unsecured debt was £26,351 in July 2019, when it had always been less than £1,000 at each lending stage on his Vanquis account. Mr R then defaulted on at least one account in the following year.

In June 2020 Mr R advises Vanquis of his financial difficulty. This was nearly two years after the last lending decision. So I'm not persuaded that Vanquis could have foreseen prior to the last credit limit increase that Mr R would significantly increase his external unsecured debt in the following year, and later default on at least one account.

I've also considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I can't conclude that Vanquis lent irresponsibly to Mr R or otherwise treated him unfairly in relation to this matter. I haven't seen anything to suggest that Section 140A would, given the facts of this complaint, lead to a different outcome here. So it follows I don't require Vanquis to do anything further.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 12 September 2025.

Gregory Sloanes
Ombudsman