

The complaint

Mr B complains that Vanquis Bank Limited (“Vanquis”) irresponsibly lent to him.

Mr B is professionally represented, but for ease of reference I’ll mostly refer to Mr B throughout.

What happened

In May 2023 Mr B applied for a credit card with Vanquis. It was approved and he was given an initial limit of £1,000. In March 2024 the limit was increased to £1,750.

Mr B complained to Vanquis in December 2024. He said Vanquis failed to conduct proper checks and therefore the credit was provided irresponsibly.

Vanquis didn’t respond within the eight weeks set by the Financial Conduct Authority (FCA) and so in March 2025 the complaint was referred to our Service.

An Investigator here looked into things. They said Vanquis completed reasonable and proportionate checks and there was no adverse information or indicators of financial difficulty, so Vanquis made a fair decision to lend as well.

Mr B responded with concerns about missed payments in the twelve months prior to the application and also whether or not Vanquis verified his income. The Investigator explained the missed payments weren’t enough for them to be concerned and Mr B’s disposable income would be around £391 per month after the repayments to the Vanquis card. Mr B responded that no weight has been placed on late payments which indicates poor management of accounts.

Because an agreement couldn’t be reached, 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 for broadly the same reasons. I know this is likely to disappoint Mr B, so I’ll explain my reasons below.

The rules and regulations in place at the time Vanquis provided Mr B with the credit card and subsequent increase 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. This means Vanquis had to think about whether repaying the credit sustainably would cause difficulties or adverse consequences for Mr B. In other words, it wasn’t enough for Vanquis to consider the likelihood of them getting the funds

back or whether Mr B's circumstances met their lending criteria – they had to consider if Mr B 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 B.

Account opening

When Mr B applied for the card, Vanquis gathered information regarding his financial circumstances. It recorded that he was earning a salary of around £39,000 per year and had outstanding debt costing him around £826 per month. He had no defaults at the time of application, but there were some late payments over six months prior to the lending. This information was collated using the information Mr B declared at application, and an external credit check.

I believe the checks Vanquis carried out were proportionate, and considering the amount being provided to Mr B, and the information they gathered in these checks, I don't think they acted unfairly when providing him with the credit card. I say this because it was for a relatively modest amount of £1,000, and although there were some signs of financial difficulty in the past, everything in recent months had been much improved. It wouldn't be a significant cost for Mr B to repay this credit in a reasonable period of time based on his salary and existing credit commitments. Vanquis consider themselves a second chance lender, so I don't think late payments in the past are a reason for them to decline lending or carry out additional checks. Late payments alone aren't necessarily a sign of financial difficulties.

Credit limit increase

At the time of the increase Mr B declared his monthly income had increased, and his external credit commitments had decreased. This alone would indicate to Vanquis that Mr B is in a good position to afford a limit increase.

In addition to this Mr B was making over the minimum payment amount on average. What I mean by this is, each month, Vanquis required Mr B to pay at least a minimum repayment to his credit card. On average, in the three months prior to the increase, Mr B was paying 111% of the minimum repayment which would indicate that he wasn't experiencing any financial difficulties at the time.

So it follows that I think Vanquis' checks were proportionate and a fair decision to lend was made at the point of increase too.

I'm not disputing that Mr B was facing financial difficulties, and I'm sorry to hear it. But I need to think about what Vanquis ought reasonably to be aware of, and this wasn't reflected in his credit file or his management of the account at the time of lending.

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

So while it'll likely come as a disappointment to Mr B, I won't be upholding his complaint against Vanquis for the reasons explained above.

My final decision

It's my final decision that Vanquis Bank Limited didn't treat Mr B unfairly.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 22 October 2025.

Meg Raymond
Ombudsman