

## The complaint

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

Ms O 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 Ms O herself.

## What happened

Ms O was approved for a Vanquis credit card in June 2021 with a £250 credit limit. I have detailed the credit limit changes below:

November 2021	£250 to £500
May 2022	£500 to £850

Ms O says that Vanquis irresponsibly lent to her, and she made a complaint to Vanquis, who did not respond to the complaint, so Ms O brought her complaint to our service.

Our investigator did not uphold Ms O's complaint. She said that Vanquis' checks were proportionate and they made fair lending decisions. Ms O asked for an ombudsman to review her complaint. She said Vanquis should have verified her income as she was using payday loans.

## 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.

Before agreeing to approve or increase the credit available to Ms O, Vanquis needed to make proportionate checks to determine whether the credit was affordable and sustainable for her. 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 Ms O'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 Ms O had provided before approving her application.

The information showed that Ms O declared she was employed with a gross annual income of £50,800. The CRA showed she had active unsecured debt of £2,347 at the time the checks were completed.

The checks showed that Ms O had not been in arrears on any of her active accounts in the last 12 months prior to the checks. The CRA did not report any defaulted accounts or County Court Judgements (CCJ's) on her credit file. None of her active accounts were in an arrangement to pay.

The initial credit limit was £250, which would have equated to around 0.5% of Ms O's declared gross annual income. If this was added to her outstanding unsecured debt of £2,347 then her total debt after the Vanquis card was approved (assuming she used the full credit limit) would be £2,597, which would be around 5.1% of her gross annual income that she declared.

I've considered what Ms O has said about payday lending. But the CRA did not report any specific payday lending to Vanquis, so they wouldn't have been aware of this when their checks were completed. And it wouldn't appear that Ms O was overindebted as her active unsecured debt was a relatively low proportion of her declared gross annual income.

Vanquis completed an affordability assessment which included the monthly credit commitments the CRA reported to Vanquis. The affordability assessment showed that the repayments for a £250 credit limit should be affordable and sustainable for Ms O.

So I'm persuaded that Vanquis' checks were proportionate here, and they made a fair lending decision to approve the account and provide Ms O with a £250 credit limit.

#### *November 2021 credit limit increase - £250 to £500*

I've looked at what checks Vanquis said they did as part of this lending decision. The CRA that Vanquis used for this lending decision reported that Ms O had defaulted on an account 44 months prior to the checks. And an Individual Voluntary Arrangement (IVA) was showing on her credit file 49 months earlier.

It may help to explain here that, while information like a default or an IVA on someone's credit file may often mean they're not granted further credit – they don't automatically mean that a lender won't offer borrowing. So I've looked at what other checks Vanquis made to see if they made a fair lending decision.

The CRA reported Ms O had £4,463 of active unsecured debt, which was not significantly higher than the unsecured debt at the time of the application checks, and this would have equated to less than 9% of Ms O's originally declared gross annual income. None of her active external accounts had been in arrears since the Vanquis account had been opened.

Vanquis would also have been able to see how Ms O used her Vanquis account since account opening. Ms O incurred no late or overlimit fees on this account since it was opened (although I note she did exceed her credit limit in one month, but she wasn't charged for it).

Ms O had been making repayments to her account which far exceeded her minimum required repayment leading up to the credit limit increase, which I wouldn't expect Ms O to be able to do if she was financially struggling leading up to this lending decision.

Vanquis completed another affordability assessment which showed that the repayments for the £500 credit limit would be affordable and sustainable for Ms O.

So I'm persuaded that the checks Vanquis completed prior to this lending decision were proportionate, and they made a fair lending decision to increase Ms O's credit limit here.

#### *May 2022 credit limit increase - £500 to £850*

I've looked at what checks Vanquis said they did as part of this lending decision. Vanquis used a different CRA than they did for the previous lending decision. The CRA reported that Ms O had £9,044 of active unsecured debt with third parties at the time they completed their checks, which was higher than the last lending decision, but it was less than 18% of her originally declared gross annual income less than a year earlier.

In addition to this, the CRA that Vanquis used for this lending decision reported that Ms O had a CCJ on her credit file, which appeared to be registered 55 months prior to the checks for this lending decision.

It may help to explain here that, while information like a default on someone's credit file may often mean they're not granted further credit – they don't automatically mean that a lender won't offer borrowing. So I've looked at what other checks Vanquis made to see if they made a fair lending decision.

No active accounts were in arrears at the time of the checks. Vanquis would also have been able to see how Ms O used her Vanquis account since the last credit limit increase. Ms O had not incurred any late payment or overlimit fees since the last lending decision.

Ms O again made higher repayments than what her minimum repayment would be. For example, in April 2022 – the month before the credit limit increase, she made repayments totalling £108.20 that month, so I wouldn't expect Vanquis to make further checks to verify her expenditure.

But Vanquis completed an affordability assessment prior to increasing the credit limit using information from more than one source. And again Ms O appeared to have a sufficient disposable income to be able to afford repayments for a credit limit of £850.

So I'm persuaded that Vanquis' checks were proportionate, and they made a fair lending decision to approve the credit limit increase here.

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 Ms O or otherwise treated her 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 Ms O to accept or reject my decision before 3 November 2025.

Gregory Sloanes  
**Ombudsman**