

The complaint

Mr R complains Vanquis Bank Limited (Vanquis) didn't sufficiently check before agreeing to lend to him.

In bringing his complaint Mr R is represented by a third party. For ease of reading I will only refer to Mr R in my decision.

What happened

In August 2023 Vanquis invited Mr R to apply for further lending with them. They based this on how he was managing his existing account he'd with them. And that he fell within their lending criteria. After applying Mr R entered into a fixed sum loan agreement with Vanquis for £6,000. This was to be repaid over 48 months at £176.27 a month. Mr R said he struggled to sustain the repayments and that Vanquis hadn't properly checked his financial circumstances before they agreed to lend to him. He complained to them.

Vanquis said they'd used Mr R's application, credit reference agency (CRA) and internal data to assess Mr R's credit worthiness. And based on these checks they said their decision to lend to him was fair.

Mr R wasn't happy with Vanquis' response and referred his complaint to us.

Our investigator said Vanquis's checks had been reasonable and proportionate and based on these their decision to lend was fair.

Mr R disagreed and asked for an ombudsman to decide. In asking for an ombudsman to decide Mr R said Vanquis hadn't verified his income. Before making a decision details of Mr R's self-employed income was sought by our investigator but to date this hasn't been provided.

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.

Where the evidence is incomplete, inconclusive, or contradictory (as some of it is here), I reach my decision on the balance of probabilities - in other words, what I consider is most likely to have happened considering the available evidence and the wider circumstances.

I appreciate Mr R will be disappointed by my decision, but for me to say Vanquis must do something different I must first be satisfied that they've done something wrong. Having considered the available evidence I can't see that they have here which is why I won't be asking them to do anything else. I'll explain why.

I've considered the relevant rules and guidance on responsible lending set by the regulator, laid out in the consumer credit handbook (CONC). In summary, these say that before Vanquis offered the loan they needed to complete reasonable and proportionate checks to

be satisfied Mr R would be able to repay the debt in a sustainable way.

There's no set list of checks a lender must complete before agreeing to provide credit. We look at whether a business has completed proportionate checks to ensure the proposed credit is affordable and sustainable.

Checks must be proportionate considering the specific circumstances of the loan application. What constitutes a proportionate affordability check will generally depend on several factors such as the specific circumstances of the borrower, their financial history, current situation and whether there are any indications of vulnerability or financial difficulty. Consideration should also be given to the amount, type and cost of credit they're applying for. This could mean a proportionate check could differ for the same borrower for different loan applications.

I understand from Vanquis that this was an invitation only application for a loan based on their existing relationship with Mr R.

In this case, Vanquis asked Mr R for information about his income and expenditure. Mr R declared he was self-employed with a monthly income of £3,000. He said he didn't have a mortgage and his monthly outgoings for council tax, credit commitments, groceries, insurance, leisure, subscriptions, other essential spending, transport, TV, media and utilities was £1,543.25 a month. This would mean Mr R had £1,456.75 in disposable income before factoring in the new lending of £176.27. Based on this Vanquis deemed the loan to be affordable.

CONC 5.2A.15(2) says: *The firm must take reasonable steps to determine the amount, or make a reasonable estimate, of the customer's current income.* Its not considered sufficient to solely rely on the consumers declared income.

Vanquis said they cross checked Mr R's application with a CRA. This showed he hadn't any defaults or county court judgements. He'd credit commitments of around £35,985 which he was managing well. Vanquis also had their own internal data that showed all his Vanquis account repayments had been made on time and in full. So I can understand Vanquis' reliance on the checks they did.

But Mr R said he was self-employed and given the loan was for £6,000 over 48 months I think Vanquis should have sought further verification of Mr R's income. This doesn't automatically mean they shouldn't have lent to him. I'd need to see what further checks would have shown. I don't generally expect a business to request bank statements but for our purposes they're a good indicator of Mr R's financial situation.

Mr R has provided bank statements from April to August 2023, and a current record of his credit history. I can see from Mr R's bank statements he'd an average regular income of around £1,530 a month. On his application he'd said he was paid the last working day of each month but I can't see any evidence of this. But I can see in late April 2023 he received further monies into his bank account from one source totalling £20,800. And in June 2023 a further £17,000 was transferred to his bank account. Despite requests as to the nature of these transactions Mr R hasn't provided any further details, so I've no reason to doubt that this was income available to Mr R at the time of the new lending.

Mr R's credit report shows he'd a motor finance agreement from November 2020 for £39,930 repayable at £548 a month. An unsecured loan from October 2022 for £10,000 repayable at £268 a month. He'd a Vanquis credit card account with a credit limit of £5,000 which at the time of the loan application he'd recently made a repayment of £3,708 leaving an outstanding balance in August 2023 of £58. I can see Mr R had three other active credit

cards, one with a credit limit of £1,500 with a balance of £772. Another with a credit limit of £750 with a zero balance. And a recent credit card with a credit limit of £7,000 that had been taken out in July 2023, this last credit card most likely wouldn't have shown on any CRA check Vanquis did at this time as it was too soon to have been recorded. All Mr R's active accounts were being well managed with no evidence of missed payments or cash advances. All repayments were up to date.

So, I'm satisfied that had Vanquis checked further they would have still agreed to lend to Mr R as there isn't anything immediately obvious in the information that could have led Vanquis to have concerns about Mr R not being able to sustain his repayments.

Mr R's bank statements show he'd a regular income, with other substantial funds available to him. He was able to meet his non-discretionary and credit commitments without any financial strain. I haven't seen any signs of financial vulnerability such as unpaid direct debits or constant use of an overdraft arranged or unarranged. And Mr R had sufficient disposable income each month to sustain his repayments and any discretionary and unexpected spending. So I can't say Vanquis acted unfairly by agreeing to lend to him.

I've also considered whether Vanquis acted unfairly or unreasonably in some other way given what Mr R has complained about, including whether their relationship with him might have been viewed as unfair by a court under Section 140A Consumer Credit Act 1974. But, for the reasons I've already given, I don't think Vanquis lent irresponsibly to Mr R or otherwise treated him unfairly. I haven't seen anything to suggest that s.140A or anything else would, given the facts of this complaint, lead to a different outcome here.

My final decision

I don't 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 19 August 2025.

Anne Scarr
Ombudsman