

The complaint

Mr F complains that Vanquis Bank Limited lent irresponsibly when it approved two credit card applications he made.

What happened

Mr F applied for a Vanquis credit card (card 1) in March 2019. In his application, Mr F said he was self employed with an annual income of £25,000 that Vanquis calculated left him with £1,745 a month after deductions. A credit search found default information, the newest of which was registered 27 months earlier. Mr F's existing commitments were up to date with no evidence of recent missed payments. Vanquis applied an estimate for his general living expenses of £567 to its affordability assessment. Vanquis reached the view Mr F had a disposable income of around £1,182 a month after covering his existing outgoings and approved his application, issuing a credit card with a limit of £150.

Mr F used card 1 until January 2022 when the remaining balance was repaid. During the time card 1 was open various late and overlimit fees were applied by Vanquis.

Mr F applied for a new Vanquis credit card in March 2024 (card 2). In this application, Mr F said he was self employed with an annual income of £45,000 that Vanquis calculated left him with £2,885 a month after deductions. Vanquis completed a credit search and found Mr F was making repayments of £820 a month towards his existing debts. The newest default on Mr F's credit file was now 45 months old and his open accounts were all up to date. Mr F confirmed a rent figure of £500 a month and Vanquis applied an estimate for his general living expenses of £993 a month. After completing an affordability assessment Vanquis says Mr F had a disposable income of £457 a month and issued a credit card with a limit of £600.

Card 2 fell into arrears and was ultimately closed at default.

More recently, representatives acting on Mr F's behalf complained that Vanquis lent irresponsibly when approving card 1 and card 2. The complaint was later referred to this service and passed to an investigator.

The investigator thought Vanquis completed reasonable and proportionate checks before approving card 1 and card 2 and wasn't persuaded it lent irresponsibly to Mr F. Mr F's representatives asked to appeal so his complaint has been passed to me to make a decision.

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 lend, the rules say Vanquis had to complete reasonable and proportionate checks to ensure Mr F could afford to repay the debt in a sustainable way. These affordability checks needed to be focused on the borrower's circumstances. The nature of what's considered reasonable and proportionate will vary depending on various factors like:

- The amount of credit;
- The total sum repayable and the size of regular repayments;
- The duration of the agreement;
- The costs of the credit; and
- The consumer's individual circumstances.

That means there's no set list of checks a lender must complete. But lenders are required to consider the above points when deciding what's reasonable and proportionate. Lenders may choose to verify a borrower's income or obtain a more detailed picture of their circumstances by reviewing bank statements for example. More information about how we consider irresponsible lending complaints can be found on our website.

I've set out the information Vanquis used when considering Mr F's application for card 1 above. I can see Mr F provided his income at £25,000 or £1,745 a month. The credit file results showed Mr F had previously defaulted on some debts, but that the newest default was 27 months old and his open debts were up to date indicating his situation had stabilised. Vanquis applied an estimate of Mr F's general living expenses of £567 a month and took his existing credit commitments into account when completing its affordability assessment. Vanquis reached the view Mr F had a disposable income of £1,182 after covering his outgoings.

I think it's reasonable to note that no rent deduction was made. But using the £500 rent figure Mr F confirmed in his application for card 2, he would've still had £682 a month remaining after covering his outgoings. I also think it's reasonable to note the credit limit of £150 for card 1 was low which reduced the potential for financial harm to Mr F.

Taking all the available information together, I haven't been persuaded Vanquis lent irresponsibly to Mr F. I think the lending checks completed were proportionate to the £150 credit limit Vanquis went on to approve. And I'm satisfied the decision to approve Mr F's application was reasonable based on the information Vanquis obtained. I'm sorry to disappoint Mr F but I haven't been persuaded Vanquis lent irresponsibly when it approved card 1.

I can see Mr F incurred a number of late and overlimit fees while card 1 remained open. But card 1 was repaid in January 2022 and Mr F's application for card 2 was received over two years later. In my view, it was reasonable for Vanquis to consider a new application from Mr F in March 2024.

As noted above, Mr F gave a higher income figure of £45,000 a year or £2,885 a month net. Vanquis completed a new credit search that showed Mr F's current commitments were up to date and that he was making monthly payments of £820. A rent figure of £500 and estimate of Mr F's general living expenses of £993 a month were used in the affordability assessment. Vanquis' affordability calculations said Mr F had a disposable income of £457 a month after covering his existing outgoings and commitments. Looking at the information Vanquis obtained, I think that was a reasonable conclusion to reach.

Given Mr F's existing commitments were up to date and the disposable income of £457 a month, I think the information available showed repayments to a new credit card with a £600 limit were sustainable. In my view, Vanquis completed reasonable and proportionate checks before approving card 2 and its decision to issue a credit card with a £600 limit was reasonable based on the information it obtained. I'm sorry to disappoint Mr F but I haven't been persuaded Vanquis lent irresponsibly when it approved card 2.

I've considered whether the business acted unfairly or unreasonably in any other way including whether the relationship might have been unfair under Section 140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think Vanquis lent irresponsibly to Mr F or otherwise treated him unfairly. I haven't seen anything to suggest that Section 140A or anything else would, given the facts of this complaint, lead to a different outcome here.

My final decision

My decision is that I don't uphold Mr F's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 15 October 2025.

Marco Manente
Ombudsman