

The complaint

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

Mr M is represented by a solicitor's firm 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 M himself.

What happened

Mr M was approved for a Vanquis credit card in March 2020 with a £1,000 credit limit. I have detailed the credit limit increases below:

August 2022	£800 to £1,400
December 2022	£1,400 to £2,450
May 2023	£2,450 to £3,000
April 2024	£3,000 to £4,200
August 2024	£4,200 to £5,000

Mr M says that Vanquis irresponsibly lent to him, and he made a complaint to Vanquis, who said appropriate checks were made, proportionate to the level of credit being granted. Mr M brought his complaint to our service.

Our investigator did not uphold Mr M's complaint. She said Vanquis made fair lending decisions. Mr M asked for an ombudsman to review his complaint. He said that he had late payment charges, and he was in arrears on a priority bill, which indicates he was in financial difficulty, therefore Vanquis shouldn't have offered the credit limit increases.

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 Mr M, 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 M'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 M had provided before approving his application.

The information showed that Mr M declared he was employed full time with a gross annual income of £25,000. The CRA Vanquis used reported that Mr M had last defaulted on an account 29 months prior to the lending checks, and a County Court Judgement (CCJ) was last registered with the CRA 18 months prior to the lending checks.

It may help to explain here that, while information like a default or a CCJ 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.

None of Mr M's active accounts were in an arrangement to pay, or in arrears at the time of the checks. Mr M had no active accounts in arrears within the 12 months prior to the checks. The CRA showed he had active unsecured debt of £2,479 at the time the checks were completed, which would have equated to less than 10% of Mr M's declared gross annual income.

Vanquis also completed an affordability assessment, using information from Mr M, information from the CRA, and modelling to assess Mr M's outgoings. The affordability assessment showed that the repayments for a £1,000 credit limit would be affordable and sustainable for Mr M.

So I'm persuaded that Vanquis' checks were proportionate, and they made a fair lending decision here.

August 2022 credit limit increase - £800 to £1,400

The initial credit limit was for £1,000. But the data Vanquis gave our service shows that prior to the credit limit being increased to £1,400, Mr M's credit limit was £800. I've reviewed the system notes to see if I could locate when the credit limit was reduced to £800, but there is no mention of this in the notes. But on the data Vanquis sent our service, it appears to have been lowered between 11 February 2021 – 11 March 2021.

I've looked at what checks Vanquis said they did as part of this lending decision. Mr M's active unsecured debt was at £4,329, which was higher than at the account opening stage. Vanquis would have also been able to see how Mr M managed his Vanquis account since the account opening stage.

Although Mr M incurred no overlimit fees, I can see on the system notes that on 11 March 2021 that Vanquis waived an overlimit charge. Mr M incurred three late payment charges since his account had been opened. So based on Vanquis reducing the credit limit which appears to be based on Mr M's financial difficulty at the time, and how he managed the account, I'm persuaded that Vanquis should have completed further checks to ensure the repayments on a £1,400 credit limit would be affordable and sustainable for Mr M.

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 M 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 M has provided his bank statements leading up to this lending decision. His account is generally well run although he sometimes enters an overdraft. But I could not locate any mention of him entering an unarranged overdraft, so it appears Mr M occasionally used an arranged overdraft. There were also no returned direct debits. Mr M also appears to receive more income than he originally declared.

So if Vanquis would have requested Mr M's statements as part of a proportionate check, then I'm persuaded that they would have seen that Mr M had the affordability to make repayments for a £1,400 credit limit, and they made a fair lending decision here.

December 2022 credit limit increase - £1,400 to £2,450

Mr M's active unsecured debt was lower than at the last lending decision as it was showing as being £1,972. Mr M was not in arrears on any of his active accounts at the time of the checks.

Mr M had not incurred any late payment or overlimit fees since the last lending decision, and he was using less than half of his available credit at the time of the lending checks. Mr M made large repayments to his account prior to the increase, for example he made a repayment of £350 on 7 November 2022, and £500 on 30 November 2022, which could suggest that Mr M had the affordability to sustainably make repayments for a higher credit limit.

So I'm persuaded that Vanquis' checks were proportionate here, and they made a fair lending decision to increase the credit limit to £2,450.

May 2023 credit limit increase - £2,450 to £3,000

Mr M's active unsecured debt was a lot higher than it was at the last lending decision as it was showing as being £11,686. Mr M had not incurred any late payment or overlimit fees since the last lending decision.

Despite Mr M's increased active unsecured debt, he made repayments to his Vanquis account which were a lot higher than his minimum requested repayment. For example, he made repayments of £500 in February 2023, and £1,800 in May 2023, which could suggest that Mr M had the affordability to make sustainable repayments for a higher credit limit.

So I'm persuaded that Vanquis' checks were proportionate here, and they made a fair lending decision to increase Mr M's credit limit to £3,000

April 2024 credit limit increase - £3,000 to £4,200

Mr M's active unsecured debt was lower than it was at the last lending decision as it was showing as being £10,832. He was not showing as being in any arrears on his active accounts. Mr M again did not incur any late payment or overlimit fees since the last lending decision.

Mr M again often paid a lot higher than his minimum repayment leading up to this credit limit increase, which could suggest that Mr M had the affordability to make sustainable repayments for a higher credit limit.

So I'm persuaded that Vanquis' checks were proportionate here, and they made a fair lending decision to increase Mr M's credit limit to £4,200.

August 2024 credit limit increase - £4,200 to £5,000

Mr M's active unsecured debt was a lot lower than it was at the last lending decision as it was showing as being £7,136, so not only was Mr M able to service his existing debt, but he was able to repay a substantial amount of the outstanding active balances since the last credit limit increase only months earlier.

Again, Mr M was not showing as being in any arrears on his active accounts. Mr M again did not incur any late payment or overlimit fees since the last lending decision, and Mr M often paid higher repayments than his minimum repayment leading up to this credit limit increase.

So I'm persuaded that Vanquis' checks were proportionate here, and they made a fair lending decision to increase Mr M's credit limit to £5,000.

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 M 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 M to accept or reject my decision before 23 September 2025.

Gregory Sloanes
Ombudsman