

## Complaint

Ms H has complained that Vanquis Bank Limited (“Vanquis”) irresponsibly provided a credit card as well and subsequent credit limit increases to her. She says that all of this credit was unaffordable and caused her continued financial difficulty as the repayments resulted in her struggling to repay essentials and having to take out further lending.

## Background

Vanquis initially provided Ms H with a credit card, which had a limit of £1,000.00, in May 2003. Vanquis subsequently offered a limit increase to £1,500.00 in September 2003. After Ms H’s credit limit was decreased to £150 in July 2004, Ms H credit limit was then subsequently increased to £400 in April 2005; £650 in November 2005; £1,250.00 in July 2008; £2,000.00 in November 2008; £2,500.00 in July 2011 and finally £3,800.00 in June 2023.

In January 2025, Ms H complained saying that the credit card and the limit increases Vanquis provided were unaffordable and caused her continued financial difficulty as the repayments resulted in her struggling to repay essentials and having to borrow further.

Vanquis didn’t uphold Ms H’s complaint. It thought that Ms H had complained too late about some of the limit increases and it didn’t think that it had done anything wrong for the others. When responding to our request for its file on Ms H’s complaint, Vanquis reiterated its view that parts of the complaints were made too late.

One of our investigators reviewed what Ms H and Vanquis had told us. She thought that he hadn’t seen enough to be persuaded that Vanquis failed to act fairly and reasonably either when initially providing Ms H with her credit card or the credit limit increases. This meant that the investigator didn’t recommend that Ms H’s complaint be upheld. Ms H disagreed with the investigator’s conclusions and asked for an ombudsman to look at her complaint.

Having reviewed matters, I’ve noted that Ms H never used any of the additional credit that she was able to use as a result of being provided with the final credit limit increase to £3,800.00 in June 2023. Therefore, Ms H cannot have lost out as a result of this increase as by not using the credit she did not pay any interest, fees or charges as a result. As this is the case, I’ve limited my consideration of Ms H’s complaint to the decision to provide the credit card and the first six increases that took place up until July 2011.

## My findings

I’ve considered all the available evidence and arguments to decide what’s fair and reasonable in the circumstances of this complaint.

### *Basis for my consideration of this complaint*

There are time limits for referring a complaint to the Financial Ombudsman Service. Vanquis has argued that Ms H’s complaint was made too late because she complained more than six years after the decisions to provide the credit card and all of the credit limit increases as well

as more than three years after she ought reasonably to have been aware of her cause to make this complaint.

Our investigator explained why it was reasonable to interpret the complaint as being one alleging that the relationship between her and Vanquis was unfair to her as described in s140A of the Consumer Credit Act 1974 (“CCA”). He also explained why this complaint about an allegedly unfair lending relationship had been made in time.

Having carefully considered everything, I’ve decided not to uphold Ms H’s complaint. Given the reasons for this, I’m satisfied that whether Ms H’s complaint about the specific lending decisions was made in time or not has no impact on that outcome.

I’m also in agreement with the investigator that Ms H’s complaint should be considered more broadly than just those lending decisions. I consider this to be the case as Ms H has not only complained about the respective decisions to lend but has also alleged that this unfairly impacted upon her ability to pay for essentials and that this resulted in her having to take out other credit to make her repayments.

I’m therefore satisfied that Ms H’s complaint can therefore reasonably be interpreted as a complaint about the fairness of her relationship with Vanquis. I acknowledge Vanquis still doesn’t agree we can look at Ms H’s complaint, but given the outcome I have reached, I do not consider it necessary to make any further comment or reach any findings on these matters.

In deciding what is fair and reasonable in all the circumstances of Ms H’s case, I am required to take relevant law into account. As, for the reasons I’ve explained above, I’m satisfied that Ms H’s complaint can be reasonably interpreted as being about the fairness of her relationship with Vanquis, relevant law in this case includes s140A, s140B and s140C of the CCA.

S140A says that a court may make an order under s140B if it determines that the relationship between the creditor (Vanquis) and the debtor (Ms H), arising out of a credit agreement is unfair to the debtor because of one or more of the following, having regard to all matters it thinks relevant:

- any of the terms of the agreement;
- the way in which the creditor has exercised or enforced any of his rights under the agreement;
- any other thing done or not done by or on behalf of the creditor.

Case law shows that a court assesses whether a relationship is unfair at the date of the hearing, or if the credit relationship ended before then, at the date it ended. That assessment has to be performed having regard to the whole history of the relationship. S140B sets out the types of orders a court can make where a credit relationship is found to be unfair – these are wide powers, including reducing the amount owed or requiring a refund, or to do or not do any particular thing.

Given Ms H’s complaint, I therefore need to think about whether Vanquis’ decision to lend to Ms H and increase her credit limits, or its later actions resulted in the lending relationship between Ms H and Vanquis being unfair to Ms H, such that it ought to have acted to put right the unfairness – and if so whether it did enough to remove that unfairness.

Ms H’s relationship with Vanquis is therefore likely to be unfair if it didn’t carry out reasonable enquiries into Ms H’s ability to repay in circumstances where doing so would

have revealed the credit card or limit increases to be irresponsible or unaffordable. And if this was the case, Vanquis didn't then remove the unfairness this created somehow.

*Were the decisions to provide the credit card and subsequent credit limit increases unfair?*

We've explained how we handle complaints about unaffordable and irresponsible lending on our website. And I've used this approach to help me decide Ms H's complaint.

Bearing in mind Ms H's response to our investigator, I think that it would be helpful for me to set out that we consider what a firm did to check whether any repayments to credit were affordable (asking it to evidence what it did) and then determine whether this was enough for the lender to have made a reasonable decision on whether to lend.

Generally, we think it's reasonable for a lender's checks to be less thorough – in terms of how much information it gathers and what it does to verify that information – in the early stages of a lending relationship.

But we might think it needed to do more if, for example, a borrower's income was low, the amount lent was high, or the information the lender had – such as a significantly impaired credit history – suggested the lender needed to know more about a prospective borrower's ability to repay.

That said, I think that it is important for me to explain that our website does not provide a set list of mandated checks that a lender is expected to carry out on every occasion. Indeed, the requirements have not and still do not mandate a list of checks that a lender should use. Any rules, guidance and good industry practice in place over the years has simply set out the types of things that a lender could do when considering whether to lend to a prospective borrower.

It is for a lender to decide which checks it wishes to carry out, although we can form a view on whether we think what was done was fair to the extent it allowed the lender to reasonably understand whether the borrower could make their payments. Furthermore, if we don't think that the lender did enough to establish whether the repayments that a prospective borrower might have to make were affordable, this doesn't on its own mean that a complaint should be upheld.

We would usually only go on to uphold a complaint in circumstances where we were able to recreate what reasonable checks are likely to have shown – typically using information from the consumer – and this clearly shows that the repayments in question were unaffordable.

*Vanquis' decision to provide Ms H with a credit card and increase her credit limit on the first five occasions*

When Ms H initially applied for a credit card in May 2003 and her limit was increased on the first three occasions, this not only predated the current regulator's (the Financial Conduct Authority ("FCA")) rules and guidance which came in in April 2014, it also predated the regulation of consumer credit. Prior to April 2007, while a number of lenders signed up to various voluntary codes, a lender wasn't required to be regulated in order to provide credit.

Furthermore, while a lender was required to be regulated by the Office of Fair Trading ("OFT") from April 2007 onwards, the OFT didn't introduce its main guidance on irresponsible and unaffordable lending until March 2010. This means that this guidance wasn't in place, or in force, at the time of the fourth and fifth limit increases either.

Therefore, the vast majority of the decisions Vanquis made to offer Ms H credit - the decision to provide the card itself and the first five limit increases - took place prior to the introduction of the main regulations and standards in relation to irresponsible and unaffordable lending.

That's not to say that there weren't any expectations or standards in relation to lending at the time Ms H applied for a credit card and the first five limit increases were offered. The then British Bankers' Association ("BBA") had its Banking Code in place at the time. But it would be fair to say that its obligations and responsibilities were not the same as they are now. For example, the concepts of borrower focused assessments and proportionate checks were not part of the expectations or requirements at the time.

What a subscriber to the banking code at the time of Ms H's application for a credit card and its decision to offer the first five limit increases, agreed to do was assess whether it felt that the prospective borrower would be able to repay any lending. It's unclear whether Vanquis was a member of the BBA at this time. Nonetheless, I consider the Banking Code to have constituted good industry practice at this time. I've therefore need considered this part of Ms H's complaint in relation to these expectations.

#### *The initial decision to provide Ms H with a credit card*

In this instance, I'm led to understand that Vanquis will initially have agreed to Ms H's application after it obtained information on her income and carried out a credit search. And the information obtained indicated that Ms H would be able to make the monthly repayments due on a credit card with a limit of £1,000.00. Due to it considering that Ms H's account was being relatively well managed, Ms H was then subsequently offered her credit limit increases.

On the other hand, Ms H says that the credit card and the subsequent limit increases were unaffordable and caused her ongoing hardship because of the increased amount of interest.

What's important to note is that Ms H was provided with a revolving credit facility rather than a loan. This means that to start with Vanquis was required to understand whether Ms H could repay £1,000.00 within a reasonable period of time. It's fair to say that it wouldn't have required especially large monthly payments in order to clear the full amount that could be owed, as a result of a credit limit of £1,000.00, within a reasonable period of time.

Vanquis hasn't been able to provide any details on what it found out about Ms H as a result of the credit checks that it carried out prior providing the card or any of the first five limit increases. Given the initial application took place more than twenty years ago, I don't think that this lack of information is unreasonable.

Therefore, I've not drawn any adverse conclusions as a result of Vanquis not being able to provide this. I'm also mindful that I've not seen anything to indicate that Ms H had any significant adverse information – such as defaulted accounts or county court judgments ("CCJ") recorded against her at the time her credit was provided or her limit was increased on the first five occasions.

The Banking Code required a lender to assess whether it felt that a prospective borrower would be able to repay any lending provided. Clearly Vanquis must have felt that Ms H could repay a credit card with a limit of between £1,000.00 and £2,000.00.

As there isn't anything to indicate that Ms H had any significant adverse credit information recorded against her at the respective times and I've not been provided with any evidence or information which shows me that Ms H was in financial difficulty at the time of these lending

decisions, I cannot reasonably conclude that Vanquis acted unfairly in providing Ms H with her credit card, or increasing her credit limit on the first five occasions.

Vanquis felt that Ms H could repay amount of between £1,000.00 and £2,000.00 within a reasonable period of time and I've not seen anything which clearly shows me that this wasn't the case. As this is the case, I've not been persuaded that Vanquis' decision to provide Ms H with her credit card, or the first five limit increases was unfair, or that it resulted in unfairness going forward.

*Did Vanquis carry out reasonable and proportionate checks before deciding to offer the first three credit limit increases to Ms H?*

As I've explained in the background section of this decision, Vanquis increased Ms H's credit limit for a sixth time July 2011. This limit increase, to £2,500.00, was not only provided while the OFT was the regulator for consumer credit (in the same way as the fourth and fifth limit increases were), but also after its Irresponsible Lending Guidance ("ILG") had been published in March 2010. By this stage, the ILG set out that a lender was required to carry out proportionate checks into a customer's circumstances in order to reach a reasonable determination on whether they could repay any credit provided.

Vanquis' records from the time indicate that it wasn't aware of Ms H having any defaults accounts or CCJs recorded against her in July 2011. Furthermore, Ms H appears to have been using only around 50% of her existing limit (of £2,000.00) at this time. So this isn't a case where a lender decided to increase a borrower's credit limit in circumstances where they were already towards the upper end of their existing limit.

That said, given Ms H may have ended up owing £2,500.00 I do think that it is reasonable to have expected Vanquis to have had an idea of Ms H's living expenses before concluding that she could repay such an amount. As I can't see anything to indicate that Vanquis did have such information, I'm not persuaded that its checks before providing the sixth limit increase in July 2011, were reasonable and proportionate.

Ordinarily, where a firm failed to carry out reasonable and proportionate checks before providing credit or increasing the amount available to a customer, I'd usually go on to recreate reasonable and proportionate checks in order to get an indication of what such checks would more likely than not have shown.

However, Ms H says she is unable to provide us with the information we've asked her for in order to be able to assess what Vanquis finding out more about her regular monthly living costs is likely to have shown. So I've not been provided with sufficient evidence to reasonably conclude that this limit increase was as a matter of fact unaffordable for Ms H.

I appreciate that Ms H has said it is unreasonable and unfair to expect her to provide information which she doesn't have and cannot reasonably be expected to have. But I also have to take into account that Vanquis isn't required to have retained all of this information either and it was Ms H that chose to make her complaint in January 2025. As this is the case, I have to decide the complaint on what I have before me.

Equally, it is only fair and reasonable for me to uphold a complaint in circumstances where I can see that any additional credit provided was unaffordable. And I'm afraid that I've not been provided with sufficient evidence which corroborates what Ms H has said about not being able to make the increased monthly payments required should she owe the full amount of the new credit limits. I can't clearly see that Ms H's finances were worsening in the way she has said either.

For the sake of completeness, I'm also mindful that this credit limit increase was offered more than eight years after the card was provided. Most importantly, Ms H had a balance of just over £1,000.00 (against a limit of £2,000.00) when she was offered this increase. As I've explained this doesn't suggest that Ms H was immediately using all of the credit being made available to her.

Therefore, this isn't a case where I can reasonably say that the limit increases and Ms H's account usage ought reasonably to have shown Vanquis that Ms H's indebtedness, on her credit card, was rapidly increasing in an uncontrollable way, or that the pattern of lending here ought reasonably to have led Vanquis to conclude that the facility had become demonstrably unsustainable for Ms H either.

So overall and having carefully considered everything and while I appreciate that this will disappoint Ms H, I've not been persuaded that proportionate checks would have shown Vanquis that it shouldn't have provided the credit limit increase it provided to Ms H in July 2011. Furthermore, I don't think that Ms H's pattern of borrowing meant that Vanquis offered credit limit increases in circumstances where it ought reasonably to have realised that they may have been unsustainable or otherwise harmful for her either.

Overall, and based on the available evidence I don't find that Ms H's relationship with Vanquis was unfair. I've not been persuaded that Vanquis created unfairness in its relationship with Ms H by irresponsibly lending to her whether when initially agreeing to provide her with a credit card, or in respect of the first six limit increases. And any unfairness that could have been created as a result of the final limit increase never materialised as a result of how Ms H used her credit card. I don't find Vanquis treated Ms H unfairly in any other way either based on what I've seen.

So overall and having considered everything, while I can understand Ms H's sentiments and appreciate why she is unhappy, I'm nonetheless not upholding this complaint. I appreciate this will be very disappointing for Ms H. But I hope she'll understand the reasons for my decision and that she'll at least feel her concerns have been listened to.

### **My final decision**

For the reasons I've explained, I'm not upholding Ms H's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms H to accept or reject my decision before 20 October 2025.

Jeshen Narayanan  
**Ombudsman**