

The complaint

The estate of Mrs N (the estate) complains that Vanquis Bank Limited irresponsibly lent to her.

What happened

Mrs N was approved for a Vanquis credit card in November 2013, with a £500 credit limit. I have set out the credit limit changes below:

April 2014	£500 to £1,000
September 2014	£1,000 to £1,750
February 2015	£1,750 to £2,250
July 2015	£2,250 to £3,000

The estate says that Vanquis irresponsibly lent to Mrs N. The estate made a complaint to Vanquis, who did not uphold their complaint. Vanquis said the relevant checks were completed to ensure that responsible lending decisions were made. The estate brought the complaint to our service.

Our investigator did not uphold the estate's complaint. He said Vanquis' checks were proportionate, and they made fair lending decisions. The estate asked for an ombudsman to review the complaint. They made a number of points. In summary, the estate said that Mrs N was in a debt management plan at the time of the Vanquis lending, they said Mrs N was only receiving state pension and pension credits, and she was reliant on financial support.

The estate forwarded multiple documents to evidence the debt management plan and Mrs N's financial difficulty. They said Mrs N wasn't able to make her minimum repayments to the account.

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.

Firstly, I want to pass my condolences to the estate. It's clear from what the family members have told our service the impact that what happened here had on them, and I'd like to thank them for their effort in providing documents to our service.

The estate have made a number of points to this service, and I've considered and read everything they've said and sent us. But, in line with this service's role as a quick and informal body I'll be focusing on the crux of the complaint in deciding what's fair and reasonable here.

Before agreeing to approve or increase the credit available to Mrs N, 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 Mrs N's application. I'll address the credit limit increases later on. Vanquis said they looked at information provided by a Credit Reference Agency (CRA) and information that Mrs N had provided before approving her application.

I've considered what the estate has said about the debt management plan being in place. But this would not discount Vanquis from lending to Mrs N as her circumstances could have improved since the plan had been put in place. In addition to this, the CRA Vanquis used did not report any payment plans to Vanquis, so I can't fairly say they should have been aware of any debt management plans.

The information showed that Mrs N had declared a gross annual household income of £15,000 and she was retired. But that's not all Vanquis's data showed. The data also showed that Mrs N had previously defaulted on an account 22 months earlier.

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 Vanquis' other checks showed to see if they made a fair lending decision here.

The CRA Vanquis used reported that Mrs N had £58 of active unsecured debt. The CRA had told Vanquis Mrs N had been in arrears on an account within the last six months, albeit she had cleared the arrears at the time of the checks. But as Vanquis only recorded Mrs N's household income instead of her own gross annual income, I'm persuaded that they should have completed further checks to ensure she could afford repayments for a £500 credit limit. I say this as only she would be responsible for repayments on the account, not anybody else in her household.

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 Mrs N to find out what her gross annual income was. Or they could have asked for her bank statements as part of a proportionate check to ensure the lending was sustainable and affordable for her.

So I asked the estate if they were aware of what Mrs N's gross annual income was prior to the initial lending. The estate confirmed Mrs N was receiving a state pension, and pension credit. They confirmed Mrs N's gross annual income was less than £15,000. The estate has managed to locate documents which show Mrs N was receiving £22.58 a week pension credit from 9 April 2012, and another document showing she would receive £20.35 from 7 April 2014.

While there is no documentation provided from the estate that I've located which shows an official document displaying the 2013/2014 state pension payment or pension credit payment, I'm persuaded the pension credit payment would be similar to the years either side of this. And while I don't know what Mrs N's state pension payment was in 2013, I can see online that a full state pension payment was for £110.15 a week (albeit I accept that Mrs N may have received less than this).

So Mrs N would have been receiving a lot less than the £15,000 per annum household income which was declared. So I'm persuaded that if Vanquis would have contacted Mrs N to find out her personal income, and she declared a much lower income, then it would have been proportionate for them to ask Mrs N to forward them her bank statements leading up to this lending decision, to ensure that she could sustainably make affordable repayments for a £500 credit limit.

So I asked the estate if they could obtain Mrs N's bank statements leading up to this lending decision. But unfortunately, through no fault of their own, they were unable to obtain these due to the time that's passed.

So on the face of it, it does look like Vanquis should've looked more closely into this. But as my role is impartial, that means I have to be fair to both sides and although I'm satisfied that Vanquis should've done more checks here – I can't say whether further checks would've revealed further information which means they wouldn't have lent. So as the estate haven't been able to provide me with the information I asked them for (admittedly through no fault of the estate), that means that it wouldn't be fair for me to say that Vanquis shouldn't have lent here, because I don't know what further checks would reveal.

April 2014 credit limit increase - £500 to £1,000

I've looked at the information available to Vanquis as part of this lending decision. The information showed that Mrs N appeared to have managed her Vanquis account well since it was open. There were not any late/missed payments or overlimit fees charged since the account had been opened. The repayments Mrs N made appeared to be for more than the minimum repayment also at times. For example, in March 2014, Mrs N made repayments totalling £230.

The data from the CRA showed that Mrs N's total active external unsecured debt was £236, which wasn't substantially higher than at the account opening stage. The data shows it had been 14 months since Mrs N had been in arrears on an active external account. The CRA Vanquis used for these checks showed that Mrs N was not subject to an Individual Voluntary Arrangement (IVA) at the time of the checks.

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

September 2014 credit limit increase - £1,000 to £1,750

Mrs N again incurred no overlimit or late fees since the last lending decision, and she again made repayments which were typically higher than the minimum repayment, as on 31 July 2014, she made a repayment for £190. Mrs N was not near her credit limit prior to this credit limit increase.

The data from the CRA showed that Mrs N's total active external unsecured debt was £83, which was lower than at the last lending decision. The CRA reported it was 19 months since Mrs N had been in arrears on an active external account. And there was no IVA being reported to the CRA Vanquis used.

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

February 2015 credit limit increase - £1,750 to £2,250

Mrs N again incurred no overlimit or late fees since the last lending decision, and she again

made repayments which were typically higher than the minimum repayment, as there were multiple times she repaid £100 a month to the account. Mrs N was utilising around 35% of her credit limit prior to this credit limit increase, so she did not appear to be over reliant on the Vanquis credit card.

The data from the CRA showed that Mrs N's total active external unsecured debt was £618, which wasn't substantially higher than at the last lending decision. The CRA reported it was 24 months since Mrs N had been in arrears on an active external account. Again there was no IVA being reported to the CRA Vanquis used.

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

July 2015 credit limit increase - £2,250 to £3,000

I've looked at how Mrs N managed her account since the last lending decision. Mrs N had incurred no overlimit or late fees again. Mrs N also often made repayments higher than her minimum repayment, which I wouldn't expect her to be able to do if she was suffering from financial difficulty, for example, on 30 June 2015, shortly before this credit limit increase, she made a repayment of £200.

The data from the CRA showed that Mrs N's total active external unsecured debt was £1,187, which was higher than before. But the information from the CRA showed that Mrs N didn't have any defaulted accounts showing on her credit file anymore. The CRA also reported that it had been 29 months since Mrs N had been a month in arrears on an account.

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

I can see that after the credit limit had been increased for the last time, Mrs N incurred several late charges and she exceeded her credit limit. But based on how Mrs N had previously managed her account, and her relatively low external debt, I'm not persuaded that Vanquis would have been able to foresee Mrs N's future financial difficulty. I can also see that Vanquis stopped charging fees/interest in mid-2016, and they wrote off the debt (£3,169.65) in 2024.

Vanquis have also confirmed to our service that even if they had upheld the estate's complaint from the outset, there would be nothing due to the estate as the redress would have been £1,227.66, which would have been used to reduce the written off balance of £3,169.65, albeit their stance in the final response letter was to not uphold the complaint.

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 Mrs N 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 the estate of Mrs N to accept or reject my decision before 8 October 2025.

Gregory Sloanes
Ombudsman