

## **Complaint**

Mr M has complained about a credit card Vanquis Bank Limited (“Vanquis”) provided to him. He says that the credit card and the subsequent limit increases were unaffordable for him and this resulted in ongoing difficulties.

## **Background**

Vanquis provided Mr M with a credit card with an initial limit of £500 in May 2017. Mr M's credit limit was then increased on three occasions on the following dates:

January 2018 – limit increased to £2,000.00

June 2019 – limit increased to £3,000.00

June 2023 – limit increased to £3,800.00

In September 2024, Mr M complained saying that the credit card and the limit increases Vanquis provided were unaffordable for him and caused him continued financial difficulty as he had to borrow from friends, family and other lenders in order to make his payments.

Vanquis did not uphold Mr M's complaint. It was satisfied that proportionate checks had been carried out at the time of Mr M's application as well as when he was offered the limit increases and so it was reasonable to lend. When responding to our request for its file on Mr M's complaint, Vanquis told us that it believed Mr M had complained about the initial decision to provide the card and the first limit increase too late.

One of our investigators reviewed what Mr M and Vanquis had told us. And he thought Vanquis hadn't done anything wrong or treated Mr M unfairly in relation to providing the credit card or increasing Mr M's credit limit on the occasions that it did. So he didn't recommend that Mr M's complaint be upheld.

Mr M disagreed and asked for an ombudsman to look at the complaint.

## **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 Mr M's complaint about the initial decision to provide the card and the first limit increase was made too late because he complained more than six years after these lending decisions; as well as more than three years after he ought reasonably to have been aware of his cause to make this complaint.

Our investigator explained why it was reasonable to interpret Mr M's complaint as being one alleging that the relationship between him and Vanquis was unfair to him 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 Mr M’s complaint. Given the reasons for this, I’m satisfied that whether Mr M’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 Mr M’s complaint should be considered more broadly than just the lending decisions. I consider this to be the case as Mr M has not only complained not about the respective decisions to lend but has also alleged that this unfairly impacted upon his financial position moving forward.

I’m therefore satisfied that Mr M’s complaint can therefore reasonably be interpreted as a complaint about the overall fairness of the lending relationship between him and Vanquis. I acknowledge Vanquis may not agree that we can look at parts of Mr M’s complaint, but given the outcome I have reached, I do not consider it necessary for me to make any further comment, or reach any findings on these matters. This includes Mr M’s comments on whether he was able to complain within the time limit as it makes no difference to the overall outcome.

In deciding what is fair and reasonable in all the circumstances of Mr M’s case, I am required to take relevant law into account. As, for the reasons I’ve explained above, I’m satisfied that Mr M’s complaint can be reasonably interpreted as being about the fairness of the lending relationship between him and 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 (Mr M), 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 Mr M’s complaint, I therefore need to think about whether Vanquis’ decision to initially lend to Mr M, increase his credit limit on the occasions it did, or its later actions resulted in the lending relationship between Mr M and Vanquis being unfair to Mr M, such that it ought to have acted to put right the unfairness – and if so whether it did enough to remove that unfairness.

Mr M’s relationship with Vanquis is therefore likely to be unfair if it didn’t carry out reasonable and proportionate checks into Mr M’s ability to make his repayments in circumstances where doing so would have revealed the credit card or the limit increases to be unaffordable, or that it was irresponsible to lend. And if this was the case, Vanquis then didn’t somehow then remove the unfairness this created.

I've considered Mr M's complaint in this context.

*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 Mr M's complaint.

Vanquis needed to make sure it didn't lend irresponsibly. In practice, what this means is Vanquis needed to carry out proportionate checks to be able to understand whether Mr M could afford to repay any credit it provided.

Our website sets out what we typically think about when deciding whether a lender's checks were proportionate. 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 it – 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 or the amount lent was high. And the longer the lending relationship goes on, the greater the risk of it becoming unsustainable and the borrower experiencing financial difficulty. So we'd expect a lender to be able to show that it didn't continue to lend to a customer irresponsibly.

Vanquis says it initially agreed to Mr M's application after it obtained information on his income and carried out a credit search. And the information obtained indicated that Mr M would be able to make the low monthly repayment due on this credit card. It says similar checks were carried out before Mr M's credit limit was increased on the occasions that it was and these checks also showed the limit increases to be affordable.

On the other hand, Mr M says that credit card and limit increases were unaffordable and that they caused him ongoing financial difficulty as a result.

I've considered what the parties have said.

*Vanquis' initial decision to offer Mr M a credit card*

What's important to note is that Mr M was provided with a revolving credit facility rather than a loan. And this means that to begin with Vanquis was required to understand whether a credit limit of £500 could be repaid within a reasonable period of time, rather than in one go. It's fair to say that a credit limit of £500 required low monthly payments in order to clear the full amount that could be owed within a reasonable period of time.

I've seen records of the information Vanquis obtained from Mr M about his income and what was on the credit search carried out. The credit search did show that Mr M had had previous difficulties with credit in the form of at least one defaulted account and a County Court Judgment ("CCJ") recorded against him. However, the latest default was from almost two years prior to this application and the CCJ was approaching a year and a half prior. So I don't think that this information in itself suggested that Mr M shouldn't have been lent to.

The credit search also showed that Mr M had some active credit at this stage. But this wasn't a high amount and the active commitments he had were also being relatively well maintained. Vanquis says that Mr M declared a salary of £52,000.00 a year and this combined with the credit file information meant that it was reasonable to conclude that Mr M could afford the repayments he could have to make. Having reviewed the information obtained, I'm in agreement with this conclusion.

As this is the case, I'm satisfied that it was unfair for Vanquis to offer Mr M a credit card with a limit of £500 and therefore there was no unfairness created at this stage.

#### *The credit limit increases Vanquis offered to Mr M*

As I've explained in the background section of this decision, Vanquis increased Mr M's credit limit on three occasions. It increased Mr M's credit limit to £2,000.00 in January 2018, £3,000.00 in June 2019 and then £3,800.00 in June 2023.

Bearing in mind the extra being granted at the time of these limit increases and the fact that Mr M could be left with having to repay £2,000.00, £3,000.00 and then £3,800.00 within a reasonable period of time, I do think that it would have been reasonable and proportionate for Vanquis to have found out a bit more about Mr M's regular living costs before offering these increases. As I can't see that this was something that Vanquis did do, I don't think that it carried out reasonable and proportionate checks before providing these increases to Mr M.

That said, having looked at copies of the current account statements Mr M has provided, I'm not persuaded that Mr M's regular non-discretionary living costs were higher than what Vanquis believed at the time of his application. Indeed, Mr M's statements show that his regular living costs and non-discretionary expenditure didn't make the monthly repayments that could be due as a result of the limit increases, unaffordable. Indeed, it's worth noting that Mr M was making payments commensurate with the increased limit increases in the periods leading up to the limit increases.

I accept that Mr M says that his actual circumstances at the time were worse than what this information shows. I know that he's referred to being unemployed and on benefits. Nonetheless, I don't think that Vanquis was aware of this and in any event it is unlikely to be fair and reasonable for a lender to automatically decline an application simply because an applicant is on benefits.

As I can't see that Mr M's actual living expenses and non-discretionary expenditure were much higher than what Vanquis believed them to be, I don't think that Vanquis could reasonably be expected to know that Mr M's circumstances were worse than what proportionate checks are likely to have shown, or that this may have resulted in the limit increases being unaffordable.

So I can't see that requesting further information about Mr M's actual living costs, would have shown Vanquis that it shouldn't have offered to increase Mr M's credit limit on the occasions that it did. Consequently, I'm not persuaded that it doing more here would, in any event, have made a difference to its decisions and I don't think that it was unfair for Vanquis to offer these credit limit increases, or that it doing so created unfairness either.

Overall, and based on the available evidence I don't find that Mr M's relationship with Vanquis was unfair. I've not been persuaded that Vanquis created unfairness in its relationship with Mr M by irresponsibly lending to him whether when initially agreeing to provide him with a credit card, or in respect of the credit limit increases. I don't find Vanquis treated Mr M unfairly in any other way either based on what I've seen.

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

Although I'm not upholding Mr M's complaint, I would remind Vanquis of its continuing obligation to exercise forbearance and due consideration, given Mr M has said about having a reduced income and the effect this is having on him making payments.

I would also encourage Mr M to get in contact with and co-operate with any steps that may be needed to review what he might, if anything, be able to repay going forward. Mr M may be able to complain to us – subject to any jurisdiction concerns – should he be unhappy with Vanquis's actions in relation to exercising forbearance in relation to the outstanding balance.

### **My final decision**

For the reasons I've explained, I'm not upholding Mr M's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 1 September 2025.

Jeshen Narayanan  
**Ombudsman**