

The complaint

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

Mr N is represented by a claims management company 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 N himself.

What happened

Mr N was approved for a Vanquis credit card in May 2019 with a £500 credit limit. I have detailed the credit limit increases below:

September 2019	£500 to £1,000
March 2022	£1,000 to £1,750
August 2022	£1,750 to £2,450
December 2022	£2,450 to £3,000
April 2023	£3,000 to £3,500
September 2024	£3,500 to £4,300

Mr N 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 N brought his complaint to our service.

Our investigator did not uphold Mr N's complaint. He said Vanquis made fair lending decisions. Mr N asked for an ombudsman to review his complaint. He made a number of points. In summary, he said that at the time he applied for the account he already had bad credit, and he couldn't afford more credit. He said he used the credit for several things including day to day living and to gamble. Mr N said that no checks were done when they increased the credit limit when he was already close to his credit limit.

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 N, 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 N'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 N had provided before approving his application.

The information showed that Mr N declared he was employed full time with a gross annual income of £21,000. The CRA Vanquis used reported that Mr N had no defaults on his credit file, and no County Court Judgements (CCJ's).

None of Mr N's active accounts were in an arrangement to pay, or in arrears at the time of the checks. Mr N had no active accounts in arrears within the 12 months prior to the checks. The CRA showed he had active unsecured debt of £1,012 at the time the checks were completed, which would have equated to less than 5% of Mr N's declared gross annual income. So although Mr N said he already had bad credit when he applied for the account, this wasn't reflected within the information the CRA told Vanquis.

Vanquis also completed an affordability assessment, using information from Mr N, information from the CRA, and modelling to assess Mr N's outgoings. The affordability assessment showed that the repayments for a £500 credit limit would be affordable and sustainable for Mr N.

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

September 2019 credit limit increase - £500 to £1,000

I've looked at what checks Vanquis said they did as part of this lending decision. The CRA that Vanquis used for this lending decision showed that Mr N had previously defaulted on at least one account.

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

The information showed that the default was registered 38 months prior to these lending checks. So some time had passed since this had been registered, therefore Mr N's financial situation could have improved since the default.

Mr N's active unsecured debt was at £4,134, which less than 20% of his originally declared gross annual income, so it wouldn't appear that he was overindebted. Vanquis would have also been able to see how Mr N managed his Vanquis account since the account opening stage.

Mr N incurred no overlimit or late payment fees. He had used the credit card to gamble twice since his account had been opened, with one transaction for £15, and one for £10. But this was a legitimate use of the card at the time as gambling transactions were allowed. Due to the amounts being a small proportion of his credit limit, and the last gambling transaction was three months prior to this lending decision, I'm not persuaded that Vanquis should have made further checks based on these two transactions.

Although Mr N has said he used the card for day to day expenditure, Mr N kept within his credit limit, and he made his repayments on time. He also made larger purchases for non-priority expenditure, for example it appears he paid for flights, and for tickets to an arena.

Again, Vanquis completed an affordability assessment, and the outcome showed that the

repayments for a £1,000 credit limit would be affordable and sustainable for Mr N. So I'm persuaded that Vanquis' checks were proportionate, and they made a fair lending decision here.

March 2022 credit limit increase - £1,000 to £1,750

Mr N's active external unsecured debt was a lot higher than at the last lending decision as it was showing as being £15,202. Mr N was not in arrears on any of his active accounts at the time of the checks.

Mr N had not incurred any late payment or overlimit fees since the last lending decision. At times Mr N made large repayments to his account since the last lending decision. prior to the increase, for example he made a direct debit repayment of £833.10 on 6 August 2021, and a card payment of £505.88 in September 2020, which could suggest that Mr N had the affordability to sustainably make repayments for a higher credit limit.

But I do note that these repayments were several months before this credit limit increase, therefore this may not be reflective of his financial situation at the time the checks were completed.

I could not identify any gambling transactions since the last lending decision, but I do note Mr N made several transactions to a third party bank, although it's not clear whether he had a savings account with this provider.

But due to Mr N's active debt almost quadrupling since the last lending decision, I'm persuaded that Vanquis should have completed further checks to ensure the repayments for the credit limit increase would be affordable and sustainable for Mr N.

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 N to enquire why his unsecured debt had risen by so much since the last lending decision. 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.

Our investigator previously asked Mr N for bank statements for his account prior to 2024, but Mr N was unable to provide these statements prior to 2024. 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 Mr N hasn't been able to provide us with statements prior to 2024, 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.

August 2022 credit limit increase - £1,750 to £2,450

Mr N's active external unsecured debt being reported by a CRA was £16,162, which was not too dissimilar from the last lending decision. The data showed that Mr N hadn't been in arrears on any active accounts since the last lending decision.

Mr N incurred no late or overlimit fees on his Vanquis account, and he did not make any transactions to identifiable gambling companies since the last lending decision. Vanquis' data shows that at the end of each statement period since his credit limit had increased, that he was using less than half of his available credit, so it wouldn't appear that Mr N was hungry for credit, and it doesn't suggest that Vanquis only increased his credit limit when he was close to his credit limit.

Vanquis also completed another affordability assessment as part of this lending decision, including information from Mr N and a CRA, and the results showed that the repayments for a £2,450 credit limit should be affordable and sustainable for Mr N. So I'm persuaded that Vanquis' checks were proportionate, and they made a fair lending decision here.

December 2022 credit limit increase - £2,450 to £3,000

A CRA reported that Mr N's active unsecured external debt was £15,910, which was slightly lower than at the last lending decision. The data again showed that Mr N hadn't been in arrears on any active accounts since the last lending decision.

Mr N still incurred no late or overlimit fees on his Vanquis account since account opening. The data showed the most he utilised the credit limit was 65%. So I'm not persuaded he was close to the £2,450 credit limit prior to this increase. The affordability assessment showed that the repayments for a £3,000 credit limit should be affordable and sustainable for Mr N. So I'm persuaded that Vanquis' checks were proportionate, and they made a fair lending decision here.

April 2023 credit limit increase - £3,000 to £3,500

Mr N's active external unsecured debt was showing as £736. This was significantly lower than at the last lending decision, so this could suggest that Mr N was not only able to service his active unsecured debt, but to also be able to repay a significant amount of it in a short period of time since the last lending decision.

The CRA reported no new defaulted accounts since the last lending decision, and he wasn't showing as being in arrears on any accounts either. Mr N also incurred no late or overlimit fees on his Vanquis account since the last lending decision.

In the last month prior to this lending decision, the data shows Mr N was only using 5% of his available credit. So again, Vanquis weren't increasing the credit limit only when he was near his credit limit.

So based on the data Vanquis held, I'm not persuaded that it would have been proportionate for Vanquis to complete further checks here, as I'm persuaded that their checks were proportionate, and they made a fair lending decision.

September 2024 credit limit increase - £3,500 to £4,000

A CRA reported that Mr N's active external unsecured debt was £16,732, which was significantly higher than at the last lending decision. Mr N had no active accounts in arrears at the time of the checks, and he hadn't any accounts in arrears since the last lending decision.

Mr N was utilising around a third of his credit limit prior to the credit limit increase. And he incurred no late or overlimit fees since the last lending decision. I can't see that Vanquis completed an affordability assessment as part of this lending decision, so due to the significant increase in active external unsecured debt, I'm persuaded that Vanquis should have completed further checks here.

Mr N has provided our service with his bank statements leading up to this lending decision. Mr N's account appears to be well run. He does not enter an overdraft, and there are no returned direct debits. Mr N's minimum credit balance is in three figures, and it is often four figures in credit.

So if Vanquis would have requested Mr N's bank statements as part of a proportionate check for this lending decision, I'm persuaded that they would have seen that the repayments for a £4,000 credit limit would appear affordable and sustainable for Mr N. So I'm persuaded that Vanquis made a fair lending decision here.

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 N 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.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 29 October 2025.

Gregory Sloanes
Ombudsman