

The complaint

Mrs D complains that Vanquis Bank Limited (“Vanquis”) provided credit to her irresponsibly and that the credit was unaffordable.

What happened

In October 2020 Mrs D applied for and received a credit card from Vanquis. It had an initial limit of £500 which was increased by Vanquis to £850 in August 2021.

Mrs D complained to Vanquis. She said that it was irresponsible of them to provide her with the credit because of her financial circumstances; the card pushed her further into debt; and that they did not carry out sufficient checks before agreeing to provide credit to her.

In their submissions to us, Vanquis outlined the checks they had carried out, including assessments of income and expenditure and Credit Reference Agency (CRA) checks regarding current borrowing levels and repayment history. Vanquis thought they had carried out reasonable and proportionate checks into Mrs D’s circumstances and were satisfied that the lending decisions made by them were responsible.

One of our Investigators looked into Mrs D’s complaint. Given the level of credit, the searches made, and the information available (including supplied by Mrs D), he felt Vanquis had carried out reasonable and proportionate borrower focussed checks and had reached a fair decision to provide credit. He didn’t recommend that the complaint be upheld.

Vanquis didn’t dispute this position, but Mrs D did. In summary, she said that at the time of taking out the card she was living off an overdraft every month. This clearly showed a level of debt that was unmanageable. Being given this card pushed her further into difficulty, which has resulted in her being unable to afford the repayments.

As an agreement couldn’t be reached, the complaint has been passed to me for a decision.

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.

Our approach to complaints about the irresponsible and unaffordable provision of credit is set out in detail on our website. I’ve used this approach to help me decide Mrs D’s complaint. For example, I’ve considered the rules and guidance on responsible credit provision relevant to the times of the decisions to provide credit, set out in the Financial Conduct Authority’s (“FCA”) Consumer Credit Sourcebook (“CONC”).

In summary, Vanquis needed to carry out reasonable and proportionate borrower focused checks before providing credit to Mrs D to ensure they did not do

so irresponsibly. These requirements are relevant to both the original decision to provide credit and when the credit limit was increased.

There is no set list of the checks Vanquis had to do. What constitutes a proportionate affordability check will be dependent on a number of factors including, but not limited to, the amount, type and cost of the credit Mrs D was seeking as well as her specific overall financial circumstances. I've kept all of this in mind when considering whether Vanquis did what was required before providing credit to Mrs D; and subsequently increasing her credit limit.

The opening credit limit

When Mrs D applied for the card, she said she worked part time and had a monthly income of £1,000. She also stated she had no monthly housing costs. Vanquis went on to assess Mrs D's monthly expenditure based on statistical information and information she provided. Their assessed expenditure comprised living costs of £437, existing credit commitments of £75 and the repayment towards the new lending of £34.

The applicable rules and guidance do not require a lender to see full evidence of income and expenditure in every case. Instead, the lender has discretion about how they conduct checks to satisfy themselves that lending is affordable to applicants. This includes the consideration of statistical data where it is reasonable and proportionate to do so.

Based on Mrs D's declared monthly income of £1,000 and the assessed expenditure, Vanquis estimated Mrs D's monthly disposable income at the time of the original decision to provide credit to be in excess of £400. I think this was a sufficient level of disposable income in the circumstances.

Vanquis also examined Mrs D's existing credit commitments. There were six existing credit accounts with balances totalling some £1,800. No County Court Judgments ("CCJs") were shown by the credit search. There were some defaults recorded, the most recent of which predated the credit application by 45 months.

Overall, Vanquis's checks showed that Mrs D's existing credit was being serviced without any recent recorded issues. I note the defaults but consider them to be historic and not reflective of Mrs D's ability to manage credit in October 2020.

Taking all these factors into account, and the modest amount of credit, I think that Vanquis carried out reasonable and proportionate checks and these showed that Mrs D was likely to be able to afford a credit limit of £500. So I don't think it was unreasonable for Vanquis to have provided the opening credit card limit.

The credit limit increase

The limit was increased to £850 in August 2021. Vanquis carried out updated credit checks and an affordability assessment. Significant overpayments had been made on the card in the months leading up to when the limit was increased, which evidenced a strong payment behaviour. There were no late payment fees, over limit fees, and no cash withdrawals. The general situation regarding Mrs D's existing external credit accounts had remained stable.

Mrs D's declared income was now £650. She now said that she was in full time employment and her parents paid her housing costs. Based on the monthly income of £650 and the assessed expenditure of £376.49, Mrs D's disposable income was now some

£274. I think this was a sufficient level of disposable income to afford the credit limit increase to £850.

Overall, Vanquis's checks showed that Mrs D's existing credit (including the Vanquis card) continued to be serviced without any recorded issues and it appeared that she had sufficient disposable income to meet the additional product repayment costs. Taking all these factors into account, and the modest amount of the credit limit increase, I think that Vanquis carried out reasonable and proportionate checks and reached a fair decision before increasing the card limit.

I've considered Mrs D's points about being in severe financial difficulties; living off an overdraft every month at the time of taking out the card; and that there was an unmanageable level of debt. However, Vanquis's reasonable and proportionate checks didn't indicate that Mrs D was dealing with financial difficulties at the time. Whilst Vanquis' checks did evidence that Mrs D was using her overdraft, I'm conscious that this was only a snapshot of Mrs D's circumstances. Additionally, the use of an overdraft in isolation doesn't necessarily mean that Vanquis simply shouldn't have lent.

The overall level of debt was being serviced without any recorded issues. There were no late payments, over limit fees or cash withdrawals on the Vanquis card after its issue and before the credit limit was increased. Additionally, Vanquis considered Mrs D's overall debt levels in their affordability assessments before concluding that the credit was likely to be affordable for her. I've not seen anything in the checks Vanquis carried out that ought to have caused them to understand more about Mrs D's circumstances; or which should have resulted in the decisions not to provide credit at all or to increase the card limit.

Therefore, I think the checks carried out, both before opening the account and increasing the credit limit, were reasonable and proportionate and I don't think Vanquis treated Mrs D unfairly in either of their decisions.

Whilst I'm not upholding this complaint, I would remind Vanquis of their obligations to treat Mrs D with forbearance moving forward, and I would encourage Mrs D to keep in contact with Vanquis about any difficulties she is facing.

In reaching my conclusions, I've also considered whether the relationship between Mrs D and Vanquis might have been unfair to Mrs D under Section 140A of the Consumer Credit Act 1974 ("CCA"). However, for the reasons I've already given, I don't think that Vanquis provided credit to Mrs D irresponsibly or otherwise treated her unfairly in relation to this matter. Nor have I seen anything to suggest that Section 140A would, given the facts of this complaint, lead to a different outcome here.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs D to accept or reject my decision before 25 February 2026.

Richard Ellison
Ombudsman