

## **The complaint**

Ms R complains that Vanquis Bank Limited irresponsibly lent to her.

## **What happened**

Ms R was approved for a Vanquis credit card in April 2018 with a £500 credit limit. The credit limit was increased to £1,000 in October 2018. Ms R says that this was irresponsibly lent to her, and she made a complaint to Vanquis.

Vanquis did not uphold Ms R's complaint. They said the interest and charges had been correctly applied to her account, and the credit limit didn't exceed £1,000. Ms R brought her complaint to our service.

Our investigator did not uphold Ms R's complaint. He said he hadn't seen anything to suggest the lending was unaffordable or unsustainable for her. Ms R asked for an ombudsman to review her complaint. In summary, she questioned whether Vanquis completed an income and expenditure assessment at the time of the credit limit increase, and she pointed to how she managed the account (for example her outstanding balance history, her available credit limit and £12 fees she was charged).

## **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.

Ms R has made a number of points to this service, and I've considered and read everything she's 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 her complaint in deciding what's fair and reasonable here.

Before agreeing to approve or increase the credit available to Ms R, 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 Ms R's application. I'll address the credit limit increase later on. Vanquis said they completed a credit check with a Credit Reference Agency (CRA) and information that Ms R had provided before approving her application.

The information showed that Ms R declared a gross annual income of £18,000. The CRA showed she had active unsecured debt of £184 at the time the checks were completed.

The CRA did not report any defaulted accounts or County Court Judgements (CCJ's) on Ms

R's credit file. None of her active accounts were in an arrangement to pay. And none of her accounts were showing as being in arrears within the last 12 months. I can't see that Vanquis completed an affordability assessment, but there is no mandatory requirement that they must request Ms R's outgoings.

Ms R's unsecured debt to annual gross income that she declared was slightly over 1%. Even if she used the full £500 Vanquis credit limit, and this was added to her existing debt, this would total £684, which would only be 3.8% of her declared gross annual income.

So I'm persuaded that Vanquis' checks were proportionate, and they made a fair lending decision to approve an initial £500 credit limit.

*October 2018 credit limit increase - £500 to £1,000*

I've looked at what checks Vanquis said they did as part of this lending decision. A CRA did report Ms R had a County Court Judgement (CCJ), whereas the account opening checks didn't show the CCJ. This could be because different lenders may only report to specific CRA's and not all of the available CRA's. The CCJ was showing as being registered 35 months prior to the checks for this lending decision. So it had been almost three years since this had been registered.

It may help to explain here that, while information like a CCJ 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.

Ms R's active unsecured debt was lower than what it was at the account opening stage as it was showing as being £153. None of Ms R's active accounts were in arrears at the time of the checks, and they hadn't been in arrears since the last lending decision.

Ms R did incur one overlimit fee from the account opening up until this credit limit increase, but I can see from Vanquis' system notes that Vanquis refunded this for Ms R. I can see that apart from this month she didn't end a month exceeding her credit limit prior to the credit limit increase to £1,000. The system note shows the exceeding of the credit limit was due to purchase interest being charged to the account, so it would seem that this was an oversight, and it didn't happen again prior to this credit limit increase.

Ms R didn't incur any late repayment fees between her account being opened and the checks for this lending decision. Although she was close to her credit limit, Vanquis would need to ensure the credit limit was sustainable for Ms R considering if she used the full credit limit, so I'm not persuaded that Ms R being close to her credit limit equates to the repayments not being affordable or sustainable to her.

Vanquis did not complete an affordability assessment as part of this lending decision. Again, they aren't required by the regulator to do this at each lending decision, but it's unlikely that Ms R's income would have significantly changed based on her telling Vanquis she had gross annual income of £18,000 only six months earlier.

Vanquis would have also been able to see that Ms R made larger repayments than her minimum repayment leading up to this lending decision. In July 2018 she made repayments totalling £140, in August 2018 she made repayments totalling £110, and in September 2018 she made repayments totalling £50. So she paid between 10% and 28% of her credit limit each month leading up to this credit limit increase, which I wouldn't expect her to be able to repay if she was struggling financially prior to the credit limit increase. It wouldn't have been proportionate for Vanquis to complete further checks here.

So I'm persuaded that Vanquis' checks were proportionate, and they made a fair lending decision to increase the credit limit to £1,000.

I can see that after the credit limit had been increased to £1,000, that Ms R incurred late payment charges and overlimit charges more frequently, however, based on what the CRA told Vanquis prior to the credit limit increase, and how Ms R managed her account prior to the credit limit increase, I'm not persuaded that this would have been foreseeable to Vanquis.

I can see that after the credit limit increase, Ms R increased her external debt almost month by month. In June 2023, her external debt was showing as being over £10,000, which was substantially higher than the £153 being reported prior to this credit limit increase. Even in March 2019, Ms R's unsecured debt was £2,175, so I'm not persuaded that Vanquis would have been able to foresee Ms R's debt rising by more than 14 times what it was only six months earlier, prior to the checks for this credit limit increase.

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 Ms R 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 Ms R to accept or reject my decision before 29 September 2025.

Gregory Sloanes  
**Ombudsman**