

The complaint

Miss H complains that Vanquis Bank Limited (Vanquis) irresponsibly entered into a credit card agreement with her and increased her credit limit on several occasions, which she could not afford to repay.

What happened

In January 2019 Miss H applied for a credit card with Vanquis. She was given an initial credit limit of £500. This limit was increased to £1,000 in May 2019, increased again in September 2019 to £1,750, again in February 2020 to £2,500 and a final limit increase to £3,750 in May 2021.

In July 2025 Miss H complained to Vanquis to say that it shouldn't have given her the credit card, or the subsequent limit increases. She said that had Vanquis completed appropriate affordability checks it would have seen that the credit was unaffordable for her.

Vanquis didn't uphold the complaint. It said that it had carried out appropriate checks which showed that Miss H could afford the various credit limits it had provided her with.

Our investigator didn't recommend that the complaint should be upheld. They thought Vanquis had completed proportionate affordability checks and there was nothing in the checks that suggested Miss H wouldn't be able to afford the borrowing.

Miss H didn't agree. Briefly her main points were:

- She was making large numbers of balance transfers to other credit cards and taking out cash advances. These should have caused Vanquis to have been concerned about her financial circumstances.
- She was regularly utilising most of her credit limit, both with this account and other revolving accounts. This should have shown she was struggling.
- Vanquis' living costs calculations are incorrect and implausible. Her actual disposable income was far lower than Vanquis had estimated. The estimates do not consider catalogue shopping accounts and other credit cards.
- Her part-time job was a zero hour contract so couldn't be relied upon and her income wasn't stable when any of the lending decisions were made.

The complaint has been passed to me for a final 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.

Before each lending decision, Vanquis was required to complete proportionate checks to ensure the credit it was proposing to provide was affordable. There isn't a set list of checks a lender needs to complete in each and every case. Instead, Vanquis needed to ensure it did enough based on the specific circumstances of that lending decision. The things Vanquis needed to consider when deciding what was proportionate included (but wasn't limited to): the type and amount of credit, the size and frequency of the repayments, the cost of the borrowing and Miss H's circumstances.

At the time of the credit card application, Miss H was a student with an annual income of £16,000. Vanquis verified this income using credit reference agency data and calculated Miss H's monthly income to be around £1,300. Vanquis' checks showed that Miss H had unsecured borrowing, for which she was making monthly repayments of approximately £70. Miss H declared monthly housing costs of £300. Vanquis allowed around £450 for Miss H's living expenses after checking with statistical data that this was approximately accurate for someone of Miss H's circumstances. According to Vanquis' calculations, this left Miss H with a disposable monthly income of around £450.

I think that the checks Vanquis completed at the time of the application were proportionate to the size of the credit limit being applied of £500 and showed that Miss H could comfortably and sustainably afford payments towards the new credit commitment. The checks also showed that there were a couple of historic entries on the credit file of accounts in arrears, however the most recent was ten months before the application (the other was over two years before) and there had been no signs of any financial struggle since. Miss H says that Vanquis' credit checks didn't take into account other credit cards and mail order accounts she had. However, from what I've seen those do appear to have been included in their calculations. Because of this I do not think there was any need for Vanquis to complete further checks at that time and the decision to open the account with a credit limit of £500 was fair given Miss H's circumstances.

As I think Vanquis made a fair lending decision in relation to the account opening, I've gone on to consider the subsequent credit limit increases.

Credit limit increases one and two

I can see from Vanquis' system notes that at the time of the first two credit limit increases, Vanquis requested affordability information from Miss H. Vanquis has explained that as many of the lending decisions happened so long ago, the information it has retained is limited. However, I have seen the income Miss H declared and copies of the credit checks completed at the time of each credit limit increase, along with statements which show how the account was managed by Miss H. Vanquis also appears to have estimated her essential expenditure using statistical data.

Miss H says that she was struggling to make the payments, only paying the minimum monthly repayments towards the account and that the account was close to its limit throughout the time of all the lending decisions. However, the credit card account statements don't reflect this. The statements show that Miss H often made significant payments to the account, several times greater than the minimum monthly payments she was required to make and prior to limit increase one and two the account had not been close to the limit. Based on this I think Vanquis would have been confident that Miss H could manage her funds well and had ample disposable income to afford an increase to her borrowing. There was no indication from the statements to show that Miss H was struggling financially at the point these lending decisions were made.

I have also considered the existing borrowing that Miss H had at the time of each credit limit increase. Between the time of the application and credit limit increase two, the amount of

unsecured borrowing that Miss H owed reduced from £3,300 to £2,120. I think it's reasonable for Vanquis to think that Miss H was managing her accounts well throughout this period. Further, because the credit checks revealed there was no adverse information at any point throughout this time, Vanquis had no reason to think Miss H was in any financial trouble and could not afford an increase in her borrowing. I therefore think Vanquis made a fair lending decision when it increased her limit on the first two occasions up to a limit of £1,750.

Credit limit increase three

At the time of credit limit increase three (to £2,500), the only changes to Miss H's circumstances were that her unsecured lending had increased, from £2,120 to £3,750 and her declared monthly income had also slightly increased. I note she was utilising a greater percentage of her credit limit at this time (between 86% and 92% in the three months prior limit increase three). However, it appeared Miss H was still managing her account well through making payments significantly higher than the minimum required and there was no sign of any recent adverse information on her credit file. Vanquis also appears to have estimated her essential expenditure using statistical data.

I've noted that in October 2019 (around four months prior to the limit increase), Miss H made a number of cash transactions on the Vanquis credit card. While this might have indicated a possible short term financial issue, Miss H did also make a sizeable repayment towards the credit card at this time too. Further, her overall utilisation of the credit limit remained below 70%. Overall, I don't think there was any reason for Vanquis to have any concerns about the ongoing affordability given the cash transfers were only completed in a short space of time and several months prior to the limit increase.

I think the level of checks Vanquis completed were proportionate in the circumstances and I think it made a fair lending decision given the limit was only increased by £750 and the checks revealed Miss H wasn't likely to struggle with this level of increase in her borrowing.

Credit limit increase four

At the time of the final limit increase to £3,750, Miss H had secured part time employment and declared a small increase in her income. The credit checks also revealed a sizeable increase in her unsecured borrowing to around £9,000. The credit check showed that she was continuing to manage her credit commitments without any signs of financial difficulty. Further, her Vanquis credit card showed she was continuing to manage the account well, with no signs of any financial strain. She continued to make substantial overpayments on a monthly basis, including a sizeable payment of over £1,200 from her current account shortly before the limit increase.

There was no concerning activity on Miss H's Vanquis account. She had paid on time and often paid substantially more than the minimum payment. There hadn't been any cash advances since the previous limit increase, she had rarely gone close to her credit limit and had substantially reduced her outstanding balance a couple of months before the limit increase.

I have noted that the credit limit increase this time was more substantial and she had more unsecured borrowing than before. However, given Miss H was now employed, continued to manage her other credit commitments without missing payments and continued to make sizeable overpayments towards the Vanquis card I think it was reasonable for Vanquis to assume that her situation was financially stable. The expenditure information Vanquis recorded also didn't suggest that Miss H might not be able to sustainably repay further borrowing. There was nothing to show more detailed affordability checks would have been

reasonable or proportionate. Based on what its checks showed, I'm satisfied it made a fair lending decision when increasing the limit for the final time.

Miss H has said that her income was not stable and could not be relied on and the estimates Vanquis used for her living expenses were inaccurate. However, I've not seen anything to persuade me that Vanquis ought reasonably to have known this about her income and expenditure, or that it ought to have done more detailed checks which might have revealed this.

While I note Miss H has referred to making balance transfers to other credit cards in 2020, this isn't necessarily a sign a financial difficulty in isolation. Transferring balances to a lower paying interest rate could be seen as a positive step in managing finances. The way Miss H was managing this credit card and the size of the overpayments she was making I don't think ought to have caused Vanquis to have been concerned about her making a balance transfer.

Lastly, Miss H has highlighted how she was indebted across other revolving credit facilities and began to struggle with her Vanquis debt. However, I don't think the check Vanquis completed showed that her level of borrowing elsewhere was at such a level that it ought to have caused significant concern. I can see she did begin to struggle but this was some time after the final limit increase and much of what she highlights as concerning account management occurred in 2022 or later. While I accept it's possible Vanquis' increased lending contributed to her later struggles, I don't agree that Vanquis ought reasonably to have been aware that was likely to be the case at the time it made the lending decisions.

So, I've not seen anything to persuade me that Vanquis made unfair lending decisions in relation to the account opening or any of the subsequent limit increases. However, as Miss H has indicated she is struggling now with repayments, I remind Vanquis of its obligations to treat her fairly and with forbearance.

In reaching my conclusions, I've also considered whether the lending relationship between Miss H and Vanquis might have been unfair to Miss H under Section 140A of the Consumer Credit Act 1974 ("CCA"). However, for the reasons I've already explained, I'm satisfied that Vanquis did not lend irresponsibly when providing Miss H with the credit card, or otherwise treat her unfairly in relation to this matter. And I haven't seen anything to suggest that Section 140A CCA would, given the facts of this complaint, lead to a different outcome here.

My final decision

While it'll likely come as a disappointment to Miss H, I won't be upholding her complaint against Vanquis Bank Limited for the reasons explained above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 29 December 2025.

Jenny Hiltunen
Ombudsman