

The complaint

Miss A complains that Vanquis Bank Limited trading as Vanquis irresponsibly lent to her.

What happened

Miss A was approved for a Vanquis credit card in May 2019, with a £500 credit limit. Miss A says that this was irresponsibly lent to her. Miss A made a complaint to Vanquis, who did not uphold her complaint. Vanquis said that their decision to lend to Miss A was assessed fairly, accurately, and in line with their procedures. Miss A brought her complaint to our service.

Our investigator did not uphold Miss A's complaint. He said Vanquis made proportionate checks, and they made a fair lending decision. Miss A asked for an ombudsman to review her complaint. She said she had just taken out a £1,000 loan in March 2019, and another loan in April 2019. She says her bank statements showed frequent gambling transactions in the months around the financial transactions.

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 the credit available to Miss A, 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.

Vanquis said they completed a credit check with a Credit Reference Agency (CRA) and information that Miss A had provided before approving her application. The information showed that Miss A told Vanquis that she was part time employed, and she declared a gross annual income of £9,100. The data showed that Miss A had no defaults or County Court Judgements being reported by the CRA Vanquis used.

Miss A had unsecured debt of £3,890 being reported by the CRA, and she was within all of her credit limits. The CRA reported that Miss A had no accounts in arrears at the time of the checks, and she hadn't any accounts in arrears in the previous 12 months either.

Miss A's £500 credit limit on the credit card would equate to around 5.5% of her declared gross annual income. Vanquis completed an affordability assessment using information from the CRA as to how much Miss A was paying towards her credit commitments each month, and modelling to estimate Miss A's outgoings (since Miss A declared no housing costs/living costs). The affordability assessment showed that Miss A should be able to sustainably afford repayments for the £500 credit limit.

But the data from the CRA also showed that Miss A opened six accounts classed as either

unsecured loans/store cards/credit cards in the six months prior to this account being opened. So I'm persuaded that Vanquis should have completed further checks to ensure the lending would be affordable and sustainable for her.

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 Miss A to get an understanding of why she had recently opened a number of accounts. Or they could have asked for her bank statements as part of a proportionate check to ensure the lending was sustainable and affordable for her.

Miss A has provided her bank statements leading up to this lending decision. While Miss A has provided her May 2019 bank statement, as she applied for this account on 5 May 2019, this statement wouldn't have been produced yet as it is dated 31 May 2019, therefore I've had to disregard this statement as she wouldn't have been able to send it to Vanquis at the time. So I've viewed the other statements she sent us.

Miss A's income appears to be slightly higher than what she declared on her application. In addition to this, there is also what appears to be a student loan crediting her account. While this wouldn't credit her account monthly, this would be additional income which Vanquis could consider that Miss A would have access to.

Miss A's statements do show gambling transactions debiting her account, but there are frequent deposits from gambling companies to her account also. So I'm not persuaded that these transactions alone meant she couldn't afford the repayments for the £500 Vanquis credit limit.

I note the £1,000 loan credited Miss A's account on 26 March 2019, and this shows on Vanquis' checks. I also note that the £900 loan that credited her account on 1 April 2019 appears to have been paid off on 15 April 2019.

Miss A's statements show cash withdrawals, but they also show cash deposits into the account, and it could appear that Miss A also has another account that she transfers money into. Her statements do not show her entering an unarranged overdraft, and she has no returned direct debits for the period I looked at. So if Vanquis would have made further checks, then I'm persuaded that they still would have approved the £500 credit limit as the repayments would appear to be sustainable and affordable for Miss A.

It would not have been proportionate here for Vanquis to have requested statements after the lending had been approved, or to ask for any other statements Miss A may have, due to the repayments appearing affordable based on the bank statements Miss A sent to our service. So I'm persuaded that Vanquis made a fair lending decision to approve the account with a £500 credit limit.

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 Miss A 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.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 19 December 2025.

Gregory Sloanes
Ombudsman