

## The complaint

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

## What happened

On 7 December 2017, Mr H applied for a credit card with Vanquis. His application was accepted and he was given a credit limit as follows:

Date	Event	New limit
8 December 2017	Account opening	£250
May 2019	Credit Limit Increase (CLI) 1	£1,000
December 2019	CLI2	£2,500
August 2020	CLI3	£3,000

The account was repaid in full in June 2022 and closed shortly afterwards.

On 18 June 2025, Mr H complained to Vanquis. He said it had been irresponsible of Vanquis to agree the card and subsequent increases for him. He said he became reliant on it for day-to-day expenses and ended up in persistent debt.

Vanquis looked into Mr H's complaint and issued a final response letter. It explained the checks it had carried out at account opening and for each CLI. It said Mr H had completed an income and expenditure assessment for each CLI and it was satisfied the lending had been affordable for him at the time. It didn't uphold the complaint.

Mr H was unhappy with Vanquis' response, so he referred his complaint to our service. When he did so, Vanquis told us it believed the complaint about the opening of the account had been brought too late under the complaint handling rules set by the Financial Conduct Authority (FCA) as more than six years had passed since that decision.

One of our investigators looked into the complaint and felt it was reasonable to interpret it as being about an unfair relationship as described by Section 140A of the Consumer Credit Act 1974 (s.140). That being so, he said the complaint had been brought in time and considered the whole of it. But he felt the limits agreed appeared to be affordable for Mr H and Vanquis hadn't treated him unfairly by offering them. He didn't uphold the complaint.

Mr H didn't agree with our investigator so, as there was no agreement, the complaint has been referred 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.

There are time limits for referring a complaint to the Financial Ombudsman Service, and Vanquis thinks this complaint was referred to us too late. Our investigator explained why he didn't, as a starting point, think we could look at a complaint about the lending decisions that

happened more than six years before the complaint was made. But he also explained why it was reasonable to interpret the complaint as being about an unfair relationship as described in s.140, and why this complaint about an allegedly unfair lending relationship had been referred to us in time.

For the avoidance of doubt, I agree with our investigator that I have the power to look at the complaint on this basis. I think this complaint can reasonably be considered as being about an unfair relationship as Mr H says the increases simply made his situation worse. These may have made the relationship unfair as he had to pay more in interest than he could afford and was unable to reduce the debt. I acknowledge Vanquis still doesn't agree we can look at the whole of this complaint, but as I don't think it should be upheld, I don't intend to comment on this further.

In deciding what is fair and reasonable I am required to take relevant law into account. Because Mr H's complaint can be reasonably interpreted as being about the fairness of his relationship with Vanquis, relevant law in this case includes s.140A, s.140B and s.140C of the Consumer Credit Act 1974.

S.140A says that a court may make an order under s.140B if it determines that the relationship between the creditor (Vanquis) and the debtor (Mr H), arising out of a credit agreement is unfair to the debtor because of one or more of the following, having regard to all matters it thinks relevant:

- any of the terms of the agreement;
- the way in which the creditor has exercised or enforced any of his rights under the agreement;
- any other thing done or not done by or on behalf of the creditor.

Case law shows that a court assesses whether a relationship is unfair at the date of the hearing, or if the credit relationship ended before then, at the date it ended. That assessment has to be performed having regard to the whole history of the relationship.

S.140B sets out the types of orders a court can make where a credit relationship is found to be unfair – these are wide powers, including reducing the amount owed or requiring a refund, or to do or not do any particular thing.

Given what Mr H has complained about, I need to consider whether Vanquis' decision to lend to him and increase his credit limits, or its later actions, created unfairness in the relationship between him and Vanquis such that it ought to have acted to put right the unfairness – and if so whether it did enough to remove that unfairness.

Mr H's relationship with Vanquis is therefore likely to be unfair if it didn't carry out proportionate affordability checks and doing so would have revealed its lending to be irresponsible or unaffordable, and if it didn't then remove the unfairness this created somehow.

I think there are key questions I need to consider in order to decide what is fair and reasonable in the circumstances of this complaint:

- Did Vanquis carry out reasonable and proportionate checks to satisfy itself that Mr H was in a position to sustainably repay the credit?
- If not, what would reasonable and proportionate checks have shown at the time?
- Did Vanquis make a fair lending decision?
- Did Vanquis act unfairly or unreasonably towards Mr H in some other way?

Vanquis had to carry out reasonable and proportionate checks to satisfy itself that Mr H would be able to repay the credit sustainably. It's not about Vanquis assessing the likelihood of it being repaid, but it had to consider the impact of the repayments on him.

There is no set list of checks that it had to do, but it could take into account several different things such as the amount and length of the credit, the amount of the monthly repayments and the overall circumstances of the borrower.

Due to the time that's passed since the account was opened, Vanquis doesn't have all the information it assessed at the time. I don't think this is surprising as banks are not obliged to keep information indefinitely and usually no more than six years. The account was opened over seven years before the complaint was raised.

I've carefully reviewed the information Vanquis has been able to provide. I can see that when Mr H applied for the card, he declared he was employed full time with an income of £43,000 per year. Vanquis checked Mr H's credit file and could see he had little in the way of active credit, but had two defaulted accounts totalling £8,900. But the most recent default was from almost 2½ years prior to the application.

Vanquis is a 'sub-prime' lender which specialises in lending to people who have had credit problems in the past and may struggle to obtain it from elsewhere. It was prepared to offer Mr H an opening credit limit of £250.

Lenders are generally entitled to rely on information given to them by customers unless it has reason to think that information is incorrect. I think Vanquis was entitled to rely on the income provided to it by Mr H – it says it matched what was expected for his occupation. And given the rest of the circumstances, I don't think Vanquis acted unfairly by offering Mr H a small opening limit of £250.

#### *CLI's*

Vanquis continued to Monitor Mr H's credit file as well as the way he ran his account with it. When it felt circumstances were right, it offered Mr H credit limit increases provided he completed an income and expenditure assessment (i&e). Mr H says he doesn't recall completing those, but Vanquis has provided the details. In my experience, these tend to be short informal checks focussing on a declaration by the consumer of their monthly income, housing costs and living expenses. They are likely to only take a few moments to complete, so I'm not particularly surprised he doesn't remember completing them, but I am satisfied they were done.

#### *CLI1*

Mr H's credit file showed he had credit elsewhere amounting to almost £3,300 and it was up to date. He had no new defaults or adverse information. His account had been run reasonably well but there were a few occasions where he'd exceeded his £250 limit by a few pounds. But as the balance was brought back within the limit the following month and payments were made on time, Vanquis was prepared to offer an increase to £1,000.

As part of the i&e, Mr H declared an income of £3,000 per month, housing costs of £600 and £250 living expenses. Taking all the information into account, Vanquis was happy to progress with the increase. I think it reached a fair decision to allow this increase.

#### *CLI2 and CLI3*

Mr H's indebtedness elsewhere reduced before each limit increase – to £3,200 for CLI2 and £1,300 by CLI3. There was no new adverse information on his credit file. His account again exceeded the credit limit on occasions by relatively small amounts but was brought back within limits straight away.

Mr H often made significantly higher repayments than the minimum required for example £997.15 on 21 August 2019, £300 on 28 November 2019, £690 on 2 December 2019 and £500 on 16 January 2020. In July 2020 - just prior to CLI3 - Mr H repaid the balance in full. I don't think these behaviours are indicative of someone who is struggling financially.

Mr H's i&e's showed variations – suggesting some thought had been given to the answers – but demonstrated the new limits would be affordable for him.

Taking all the information into account, I think Vanquis carried out reasonable and proportionate checks before each credit limit increase, and I think it reached a fair decision to lend on each occasion.

#### Did Vanquis act unfairly or unreasonably towards Mr H in some other way?

I've carefully read and considered everything each party to the complaint has provided. I can see Mr H used the credit offered to him and paid a few charges along the way, but not so significantly or consistently that I'd have expected Vanquis to think he was in difficulty with the account. I've not seen any evidence of Mr H contacting Vanquis for any assistance with difficulties he was facing. He repaid the account in full in June 2022 and closed it.

I realise my decision will come as a disappointment to Mr H but having considered all the evidence, I don't think Vanquis lent irresponsibly to Mr H or otherwise treated him unfairly in relation to this matter.

#### **My final decision**

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 5 March 2026.

Richard Hale  
**Ombudsman**