

## **The complaint**

Mr J complains that Vanquis Bank Limited (Vanquis) acted irresponsibly in providing him with a personal loan because it was unaffordable for him.

## **What happened**

Mr J took out a personal loan with Vanquis in April 2023. The loan was for £3,000. The loan term was 36 months. The interest rate was 34.9% APR, and the monthly payment was £128.72.

In 2024, Mr J complained that Vanquis had been irresponsible in lending to him. He said that the loans had been unaffordable for him and it had worsened his financial situation.

In its final response, Vanquis said it thought it had acted fairly and reasonably. Mr J wasn't happy with Vanquis' final response and referred the complaint to our service.

One of our Investigators considered the complaint and didn't uphold it. I issued a provisional decision. In summary, I said I thought there were signs that Mr J was experiencing financial stress, so I thought Vanquis should have conducted further checks before lending. Having reconstructed what those checks likely would have found, I thought that Vanquis would have reasonably considered that the loan was sustainably affordable for Mr J.

Mr J disagreed with my provisional decision, so the case returns to me for 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.

I issued a provisional decision, in which I said:

"I've considered the relevant rules and guidance on responsible lending set by the FCA, laid out in the consumer credit handbook (CONC). In summary, these say that before Vanquis lent it needed to complete reasonable and proportionate checks to satisfy itself that Mr J would be able to repay the debt in a sustainable way, without borrowing further elsewhere.

Vanquis has explained that before it lent, it considered the information Mr J had provided in his application, the conduct of the credit card account Mr J held with it, and information from a credit reference agency.

The information from the credit reference agency showed no defaults, and that it had been over a year since Mr J had been two or more months' payments in arrears on any of his existing credit commitments for over a year. The information from the credit reference agency also showed that Mr J was one month's payment in arrears on at least one of his existing credit commitments at the time of the loan application, and also had been one

month in arrears the previous month.

Mr J also held a credit card with Vanquis. He had made his payments towards the credit card on time, but had only ever made the minimum payment. The account had gone over its credit limit two months prior to the loan application.

In his application, Mr J declared his monthly income was £2,500. Mr J declared that his rent, including utilities and council tax, was £400 a month. He said that his payments towards his existing credit commitments were around £168 and his other essential expenses totalled around £530. That meant that Vanquis thought that Mr J had around £1,402 monthly disposable income.

On balance, I don't think the checks Vanquis conducted were proportionate. I say that because Mr J was showing signs of financial stress, as he was in arrears on at least one of his credit commitments elsewhere, and he was only paying the minimum monthly payment towards his credit card with Vanquis. So, I think Vanquis should have conducted further checks before lending, to ensure that the loan was sustainably affordable for Mr J.

I've therefore considered the bank transaction history Mr J has provided, in order to reconstruct what those checks likely would have found. I don't necessarily think that Vanquis needed to consider Mr J's bank statements, but I think it should have taken further steps to verify his income and essential expenditure.

Having considered the Mr J's bank transaction history, it shows that his average income over the three months prior to his loan application was £2,057. It's not clear which payment is for his rent, so I have assumed the figure he gave in the application of £400 is accurate. The transaction history shows that Mr J paid an average of £303 each month towards his existing credit commitments, and it shows he spent an average of around £342 a month towards essential living expenses (such as food, travel, groceries etc). This means that Mr J had an average disposable monthly income of £1,012.

So, although I think that Vanquis failed to conduct proportionate checks, had it done so I think it would have reasonably considered that the monthly loan payment of £128.72 was sustainably affordable for Mr J.

Mr J has also said that he wasn't adequately informed of the full implications of the loan, such as the interest rate and fees. I have considered a copy of the credit agreement, and I can see it clearly states the interest rate, monthly payment and full amount repayable under the credit agreement. So, I think Mr J was given enough clear, fair and not misleading information in order to make an informed decision about whether or not he wanted to go ahead and take out the loan.

I've also considered whether the relationship might have been unfair under s140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think Vanquis lent irresponsibly to Mr J or otherwise treated him unfairly under the scope of this complaint. I haven't seen anything to suggest that Section 140A or anything else would, given the facts of this complaint, lead to a different outcome here."

I've read and considered the full file again, as well as considering Mr J's comments and the further information he provided.

Mr J has said he thinks that Vanquis should only have considered his basic income. He's explained that the income shown in his bank statements includes overtime – which wasn't guaranteed. Mr J has provided a copy of a payslip from the time, which shows his basic income was just over £1,900 a month.

Even if I were to accept that Vanquis should only have considered Mr J's basic income – and to be clear, I think it's reasonable for it to take into account average income including overtime – that would only mean that Mr J's income reduced by an average of just over £150 a month from the average amount I found from his bank statements and took into account in my provisional decision. And, from considering Mr J's bank statements, I found that he had an average monthly disposable income of around £1,012. So, even if I were only to consider Mr J's basic income, I continue to think the monthly loan payment of £128.72 was sustainably affordable for Mr J.

Mr J also said that my calculations of his income and expenditure didn't include a large payment towards a creditor of over £4,000. I'd noted and considered this payment, but given its size, and that the payment occurred in January but there was no further payment to the same lender in February, I thought it was most likely it was the final payment towards that particular credit commitment. I wouldn't expect Vanquis to include payments towards settled credit commitments when considering Mr J's application, nor do I think that this particular payment meant that the new loan wouldn't be sustainably affordable for Mr J.

For these reasons, my decision about the outcome of Mr J's complaint hasn't changed.

### **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 J to accept or reject my decision before 23 October 2025.

Frances Young  
**Ombudsman**