

## The complaint

Miss H complains that Vanquis Bank Limited irresponsibly lent to her.

Miss H is represented by a solicitor's firm in bringing this complaint. But for ease of reading, I'll refer to any submission and comments they have made as being made by Miss H herself.

## What happened

Miss H was approved for a Vanquis credit card in June 2018 with a £1,000 credit limit. Miss H says that Vanquis irresponsibly lent to her, and she made a complaint to Vanquis, who did not respond to her complaint. Miss H brought her complaint to our service.

Our investigator did not uphold Miss H's complaint. He said that Vanquis should have carried out further checks, but as Miss H couldn't provide her bank statements leading up to this lending decision, he couldn't conclude that Vanquis' lending decision was unfair.

Miss H asked for an ombudsman to review her complaint. In summary she said Vanquis didn't complete an affordability assessment and she tried to obtain her bank statements, but she couldn't obtain these due to the time that's passed.

As my findings differed in some respects from our investigator's, I issued a provisional decision to give both parties the opportunity to consider things further. This is set out below:

*"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 H, 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 H had provided before approving her application. The information showed that Miss H declared a gross annual income of £19,000.*

*The data showed that Miss H had active outstanding unsecured balances of £5,274. There were no County Court Judgements (CCJ's) being reported by the CRA. But there were two defaults showing.*

*It may help to explain here that, while information like a default 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 other checks Vanquis made to see if they made a fair lending decision.*

*The checks did show clear signs that Miss H was in financial difficulty at the time Vanquis*

*completed their checks. I say this as she had an account which was on an arrangement to pay.*

*An arrangement to pay usually occurs when a borrower can't afford to pay their contractual repayments. So given the arrangement to pay on the account, I'm not persuaded that she had the affordability to sustainably make repayments to the Vanquis credit card. An expectation would be that if Miss H did have disposable income, that she would be able to return to her contractual payments on her existing debt first, before committing to more unsecured debt with third party lenders.*

*I also note that the account Miss H had which was on an arrangement to pay had an outstanding balance of £229, which was almost a quarter of the credit limit that Vanquis was providing Miss H. So Miss H was already not able to afford repayments for a relatively small outstanding balance.*

*So I'm not persuaded that Vanquis made a fair lending decision to approve Miss H's account and provide her with a £1,000 credit limit.*

*I've also considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However, I'm satisfied the redress I have directed at the end of this decision results in fair compensation for Miss H in the circumstances of her complaint. I'm satisfied, based on what I've seen, that no additional award would be appropriate in this case."*

I invited both parties to let me have any further submissions before I reached a final decision. Miss H accepted the provisional decision. Vanquis did not accept the provisional decision.

In summary, Vanquis said that the arrangement was low in value and over 12 months old at the time of the Vanquis application, it was not uncommon for consumers to have historic arrangements that do not reflect their current standing or capacity to manage new credit, and as customers financial situations improve they tend to focus more on maintaining their current credit facilities in good standing. Vanquis said while there were instances of late fees, Miss H's account conduct demonstrated her ability to manage the credit facility, and Miss H was unable to provide bank statements when requested by our investigator.

### **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've considered what Vanquis have said about how Miss H managed her account. But Vanquis wouldn't have known about what would happen in the future, as this was after the lending decision was made.

Although Vanquis has said Miss H wasn't able to produce bank statements when our investigator asked for them, I did not ask Miss H for bank statements. The reason I didn't ask Miss H for bank statements is because the information showed the arrangement to pay was in place at the time of the lending checks (otherwise there wouldn't be a special indicator showing as being current).

I agree with Vanquis that the arrangement to pay account was low. But that's why I'm persuaded that Vanquis made an unfair lending decision here, as Miss H was not able to return to her contractual repayments even though she had been on an arrangement to pay for a while. So I can't fairly say that Miss H's financial situation had improved as she was still

on an arrangement to pay for an outstanding balance which was almost a quarter of the credit limit Vanquis was approving for her, showing that she couldn't even afford to currently make relatively low contractual repayments.

### **Putting things right**

In the provisional decision I said I intend to uphold this complaint. I said I intend to ask Vanquis Bank Limited to take the following actions:

Vanquis should arrange to transfer any debt back to themselves if it has been passed to a debt recovery agent or liaise with them to ensure the redress set out below is carried out promptly;

Rework the account removing all interest, fees, charges, and insurances (not already refunded) that have been applied;

If the rework results in a credit balance, this should be refunded to Miss H along with 8% simple interest per year\* calculated from the date of each overpayment to the date of settlement. Vanquis should also remove all adverse information regarding this account from her credit file;

Or, if after the rework there is still an outstanding balance, Vanquis should arrange an affordable repayment plan with Miss H for the remaining amount. Once Miss H has cleared the balance, any adverse information in relation to the account should be removed from her credit file.

I'm still satisfied this is a fair outcome for the reasons given previously.

*\*If Vanquis consider that they are required by HM Revenue & Customs to deduct income tax from that interest, they should tell Miss H how much they've taken off. They should also give Miss H a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.*

### **My final decision**

I uphold this complaint. Vanquis Bank Limited should settle the complaint in line with the instructions in the "*Putting things right*" section above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 11 November 2025.

Gregory Sloanes  
**Ombudsman**