

Complaint

Mr S has complained about a credit card Vanquis Bank Limited (“Vanquis”) provided to him. He says that the credit card was unaffordable and this resulted in ongoing difficulties as he permitted to continue using it even after he had been in persistent debt.

Background

Vanquis provided Mr S with a credit card with an initial limit of £500 in September 2017.

In April 2025, Mr S complained saying that the credit card was unaffordable for him and caused him continued financial difficulty.

Vanquis did not uphold Mr S’ complaint. It believed Mr S had complained too late. Mr S remained dissatisfied and referred his complaint to our service. When providing its file on Mr S’ complaint, Vanquis reiterated that it believed Mr S had complained too late.

One of our investigators reviewed what Mr S and Vanquis had told us. And he thought Vanquis hadn’t done anything wrong or treated Mr S unfairly in relation to providing the credit card or allowing him to use the credit card. So he didn’t recommend that Mr S’ complaint be upheld.

Mr S disagreed and asked for an ombudsman to look at the complaint.

My findings

I’ve considered all the available evidence and arguments to decide what’s fair and reasonable in the circumstances of this complaint.

Basis for my consideration of this complaint

There are time limits for referring a complaint to the Financial Ombudsman Service. Vanquis has argued that Mr S’ complaint about the initial decision to provide the card and the first limit increase was made too late because he complained more than six years after these lending decisions; as well as more than three years after he ought reasonably to have been aware of his cause to make this complaint.

Our investigator explained why it was reasonable to interpret Mr S’ complaint as being one alleging that the relationship between him and Vanquis was unfair to him as described in s140A of the Consumer Credit Act 1974 (“CCA”). He also explained why this complaint about an allegedly unfair lending relationship had been made in time.

Having carefully considered everything, I’ve decided not to uphold Mr S’ complaint. Given the reasons for this, I’m satisfied that whether Mr S’ complaint about the specific lending decisions was made in time or not has no impact on that outcome.

I’m also in agreement with the investigator that Mr S’ complaint should be considered more broadly than just the lending decision. I consider this to be the case as Mr S has not only

complained not about the respective decision to lend but has also alleged that this unfairly impacted upon his financial position moving forward.

I'm therefore satisfied that Mr S' complaint can therefore reasonably be interpreted as a complaint about the overall fairness of the lending relationship between him and Vanquis. I acknowledge Vanquis may not agree that we can look at Mr S' complaint, but given the outcome I have reached, I do not consider it necessary for me to make any further comment, or reach any findings on these matters.

In deciding what is fair and reasonable in all the circumstances of Mr S' case, I am required to take relevant law into account. As, for the reasons I've explained above, I'm satisfied that Mr S' complaint can be reasonably interpreted as being about the fairness of the lending relationship between him and Vanquis, relevant law in this case includes s140A, s140B and s140C of the CCA.

S140A says that a court may make an order under s140B if it determines that the relationship between the creditor (Vanquis) and the debtor (Mr S), 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. S140B 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 Mr S' complaint, I therefore need to think about whether Vanquis' decision to initially lend to Mr S, or its later actions resulted in the lending relationship between Mr S and Vanquis being unfair to Mr S, such that it ought to have acted to put right the unfairness – and if so whether it did enough to remove that unfairness.

Mr S' relationship with Vanquis is therefore likely to be unfair if it didn't carry out reasonable and proportionate checks into Mr S' ability to make his repayments in circumstances where doing so would have revealed the credit card to have been unaffordable, or that it was irresponsible to lend. And if this was the case, Vanquis then didn't somehow then remove the unfairness this created.

I've considered Mr S' complaint in this context.

Vanquis' initial decision to offer Mr S a credit card

We've explained how we handle complaints about unaffordable and irresponsible lending on our website. And I've used this approach to help me decide Mr S' complaint.

Vanquis needed to make sure it didn't lend irresponsibly. In practice, what this means is Vanquis needed to carry out proportionate checks to be able to understand whether Mr S could afford to repay any credit it provided.

Our website sets out what we typically think about when deciding whether a lender's checks were proportionate. Generally, we think it's reasonable for a lender's checks to be less thorough – in terms of how much information it gathers and what it does to verify it – in the early stages of a lending relationship.

But we might think it needed to do more if, for example, a borrower's income was low or the amount lent was high. And the longer the lending relationship goes on, the greater the risk of it becoming unsustainable and the borrower experiencing financial difficulty. So we'd expect a lender to be able to show that it didn't continue to lend to a customer irresponsibly.

Vanquis says it initially agreed to Mr S' application after it obtained information on his income and carried out a credit search. And the information obtained indicated that Mr S would be able to make the low monthly repayment due on this credit card.

On the other hand, Mr S says that credit card was unaffordable and caused him ongoing financial difficulty as a result.

I've considered what the parties have said.

What's important to note is that Mr S was provided with a revolving credit facility rather than a loan. And this means that Vanquis was required to understand whether a credit limit of £500 could be repaid within a reasonable period of time, rather than in one go. It's fair to say that a credit limit of £500 required relatively low monthly payments in order to clear the full amount that could be owed within a reasonable period of time.

I've seen records of the information Vanquis obtained from Mr S about his income and what was on the credit search carried out. The credit search did show that Mr S had had previous difficulties with credit in the form of at least one defaulted account and a county court judgment ("CCJ") from the year prior to this application. However, the CCJ had since been satisfied.

The credit search also showed that Mr S had a low amount of active credit at this stage. Vanquis says that Mr S declared a salary of £21,000.00 a year and this combined with the credit file information meant that it was reasonable to conclude that Mr S could afford the repayments he could have to make.

I appreciate that Mr S says that his circumstances were worse than this, he was struggling, had payday loans and his CCJ and defaults mean that he shouldn't have been lent to. But I don't agree that this means that Mr S shouldn't have been lent to. This is especially as Vanquis wasn't aware of Mr S having taken payday loans.

In my view, it meant that Vanquis needed to take more caution which it did do by offering a low initial limit. This in combination with Mr S' income and low existing debt leads me to think that Vanquis was reasonably entitled to conclude that Mr S was able to repay £500 within a reasonable period of time.

As this is the case, I'm satisfied that it was unfair for Vanquis to offer Mr S a credit card with a limit of £500 and therefore there was no unfairness created at this stage.

Vanquis allowing Mr S to continue using his card

I note that Mr S is now unhappy that he was allowed to continue using his card even when he exited persistent debt. However, a lender isn't required to withdraw a card simply because a customer has entered into persistent debt. It is simply required to notify the

customer of the risks and encourage them to pay more, which happened here as Mr S did exit persistent debt.

Mr S may now with the benefit of hindsight say that the card should have been withdrawn from him. However, as Mr S used the card and I can't see that he met the criteria for the account being defaulted (in other words, he failed to take action after a notice of default), I can't say that Vanquis ought fairly and reasonably to have unilaterally withdrawn the account and defaulted the account. So I don't think that Vanquis acted unfairly with regard to this matter either.

Overall, and based on the available evidence I don't find that Mr S' relationship with Vanquis was unfair. I've not been persuaded that Vanquis created unfairness in its relationship with Mr S by irresponsibly lending to him. Based on what I've seen, I don't find Vanquis treated Mr S unfairly in any other way either.

So overall and having considered everything, while I can understand Mr S' sentiments and appreciate why he is unhappy, I'm nonetheless not upholding this complaint. I appreciate this will be very disappointing for Mr S. But I hope he'll understand the reasons for my decision and that he'll at least feel his concerns have been listened to.

My final decision

For the reasons I've explained, I'm not upholding Mr S' complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 23 February 2026.

Jeshen Narayanan
Ombudsman