

The complaint

Mr H says Vanquis Bank Limited ('Vanquis'), irresponsibly lent to him. He says it didn't take reasonable steps to ensure he could afford the repayments towards a credit card. He says that if it had made better checks it would have seen he was in financial difficulties.

Mr H's complaint has been brought by a representative and I've usually referred to Mr H and the representatives' comments as being from Mr H for ease of reading.

What happened

This complaint is about a credit card that Mr H took out in September 2022. The initial credit limit was £1,000 and this was increased to £1,750 in September 2024.

Mr H complained to Vanquis saying that the card was lent irresponsibly. Vanquis considered this complaint, and it didn't uphold it. It thought it'd made proportionate checks when the card was approved, given the modest initial credit limit. And the situation was the same when the credit limit was increased, as well as Mr H not showing any problematic use of the card so far. It didn't think that it had lent irresponsibly.

Mr H didn't agree with this and brought his complaint to the Financial Ombudsman Service. Our Investigator didn't uphold Mr H's complaint. He thought Vanquis had made proportionate checks when the card was opened, but that it should have done more when the credit limit was increased. Nevertheless, he thought that Mr H had enough disposable income to repay the card in any event and so it wasn't lent irresponsibly.

Mr H didn't agree with the Investigator and there was some further correspondence in which our Investigator provided further detail about the calculations he had made in respect of Mr H's income and expenditure.

Mr H's representative didn't agree, it's not entirely clear why. It didn't comment on what our Investigator said about Mr H's situation. But it did seem to think that it was unfair that our Investigator had initially upheld the complaint based on incorrect information supplied by Vanquis but changed their opinion when correct information was provided.

Because Mr H didn't agree, this matter has been passed to me to make a 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.

When someone complains about irresponsible and/or unaffordable lending, there are two overarching questions I need to consider when deciding what's fair and reasonable in all of the circumstances of the complaint. These are:

1. Did Vanquis complete reasonable and proportionate checks to satisfy itself that Mr H would be able to repay the credit in a sustainable way?

- a. if so, did Vanquis make a fair lending decision?
- b. if not, would reasonable and proportionate checks have shown that Mr H could sustainably repay the borrowing?

2. Did Vanquis act unfairly or unreasonably in some other way?

And, if I determine that Vanquis didn't act fairly and reasonably when considering Mr H's application, I'll also consider what I think is a fair way to put things right.

Did Vanquis complete reasonable and proportionate checks to satisfy itself that Mr H would be able to repay the credit in a sustainable way?

There's no set list for what reasonable and proportionate checks are, but I'd expect lenders to consider things such as the amount, duration, and payments of the finance being applied for, as well as the borrowers' personal circumstances at the time of each application.

Vanquis asked Mr H what his income was, and he said that it was around £18,000 a year and that he was employed full time, he didn't foresee this changing. As far as I can see his income wasn't verified.

Vanquis checked Mr H's credit file and applied a series of calculations that looked for signs of financial stress and affordability. It's said these included looking at the amount of active credit accounts Mr H had, how he was using his credit facilities, and so on.

As part of this check, it found out that Mr H had some other credit. He had about £23,000 of debt overall and about £13,000 of this was a hire purchase agreement to which Mr H was paying £155 a month, the remainder was revolving credit. Mr H wasn't having any problems repaying any of this.

Vanquish then went on to consider Mr H's expenditure. He had told it that he didn't have any housing costs, and it used statistical data to estimate the remainder of his expenditure. After it had done this, it thought that Mr H would likely have enough disposable income to repay the new card.

Vanquish followed a similar process for the credit limit increase. It seems to have relied on the information it gathered at the start and some checks to find out if Mr H's situation had materially changed, alongside the fact that Mr H had used the card without problem so far.

Our Investigator thought that Vanquis had made enough checks to show the card was likely to be affordable when it started but that it could have done better checks at the time the card limit was increased.

I don't disagree that Vanquis did enough when the card was started. And Mr H didn't say in response to the opinion that he disagrees, although I've not discounted that his complaint was essentially that Vanquis did not do enough checks.

But I don't entirely agree that Vanquis didn't do enough checks when the credit limit was increased. I don't think a £750 increase was necessarily significant, and Mr H was repaying the card without problems at this point. And I've noted that Mr H had fully repaid the card before the credit limit increase.

But Mr H has supplied some further information, such as his bank statements, to provide some detail about his circumstances. I have considered these below, largely to see if there are any signs of financial problems that Vanquis may have seen if it had made more detailed checks.

Would more detailed checks have shown that Mr H wouldn't be able to repay the credit in a sustainable way?

Mr H has provided an up-to-date copy of their credit report. As this also shows historic data, I'm satisfied this will give a good indication of what Vanquis would've seen on the credit file it obtained, when it considered his finance application.

Based on this report, while it's clear that Mr H had credit when he applied for finance with Vanquis, he was maintaining all the payments to this and there were no indications of any financial difficulties, as Vanquis saw. So, there's nothing on this report that shows me Vanquis should've declined his application, or that it should've been unduly concerned about his current financial position.

Mr H has also provided copies of some of his bank statements for the period just before the lending started and the credit limit increase. While I wouldn't have expected Vanquis to have asked Mr H for copies of these, I'm satisfied that these statements would give a good indication of what Vanquis would likely have taken into consideration had it asked Mr H to verify, or provide more information about, his income and committed expenditure during that specific period.

Our Investigator used these to calculate Mr H's income and expenditure, he said this showed that Mr H's average income before the credit limit increase was around £2,100 and his essential outgoings were around £1,650, which left an average disposable income of about £400. This calculation has been provided and explained to Mr H and his representative, and they didn't say that it was incorrect. And having looked at it, I don't think it was either.

Added to this Mr H's bank statements don't show any other signs of financial difficulty such as missed payments to bills and returned direct debits. Which confirms the information Vanquis had, which showed that he wasn't having financial problems.

So, and while I appreciate this will come as a disappointment to Mr H, I'm satisfied that even if Vanquis carried out more detailed checks (at any point), I think that it's likely that it would have found the finance to be sustainably affordable.

Did Vanquis act unfairly or unreasonably in some other way?

I have considered whether the relationship might have been unfair under Section 140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think it lent irresponsibly to Mr H or otherwise treated him 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.

I haven't seen anything to make me think Vanquis acted unfairly or unreasonably in some other way.

My final decision

For the reasons set out above, I don't uphold Mr H's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 1 December 2025.

Andy Burlinson
Ombudsman