

The complaint

Miss B complains that Vanquis Bank Limited lent irresponsibly when it approved her credit card application. Miss B also complains about the lack of support provided by Vanquis and failure to recognise she was vulnerable.

What happened

Miss B applied for a Vanquis credit card in July 2021. In the application, Miss B gave an annual income of £27,500 that Vanquis says left her with £1,863 a month net. Vanquis has told us it used a tool provided by the credit reference agencies to verify Miss B's income level.

A credit search was completed that found Miss B had a mail order account with an outstanding balance of £731 along with a home insurance payments of £9 a month. No adverse credit, defaults or recent missed payments were noted on Miss B's credit file.

Vanquis completed an affordability assessment using Miss B's income and made a deduction of £496 a month for general living expenses. Overall, Vanquis concluded Miss B needed around £930 a month to cover her outgoings and had around £933 remaining as a disposable income. Vanquis approved Miss B's application and issued a credit card with a limit of £1,000. There were no later credit limit increases.

Miss B used her credit card but has told us an abusive ex partner also took control of the account at times, spent funds without her consent and made cash withdrawals. Miss B has also explained that during this time she was suffering with serious mental health problems that impacted her ability to work.

Miss B's credit card fell into arrears and in April 2022 she contacted Vanquis after speaking with a debt advice service I'll refer to as S. Vanquis placed a 60 day breathing space hold on the account so no collections activity took place. In early July 2022 S contacted Vanquis and arranged a Debt Management Plan (DMP) on Miss B's behalf. Vanquis agreed to accept repayments of £7.28 against an outstanding balance of £1,035.41. No further interest was applied to the account. Vanquis later closed the account in default and sold the outstanding balance to a third party.

More recently, Miss B complained to Vanquis and it issued a final response. Vanquis said it had carried out the relevant lending checks before approving Miss B's credit card application and didn't agree it lent irresponsibly.

An investigator at this service looked at Miss B's complaint. They thought Vanquis had completed reasonable and proportionate checks when assessing Miss B's application and didn't think it lent irresponsibly. The investigator wasn't persuaded Vanquis had missed signs Miss B was vulnerable due to her mental health or abusive relationship. The investigator also thought Vanquis had treated Miss B fairly when her account fell into arrears. The investigator didn't uphold Miss B's complaint.

Miss B asked to appeal and explained that other lenders she'd complained to had written off

the outstanding balances due to the circumstances raised. Miss B added that her ex partner directed her financial decisions, accessed her accounts and coerced her into debt. Miss B said she thought the pattern of spending on her account should've highlighted to Vanquis she may've been vulnerable and asked to appeal. As a result, Miss B's case has been passed to me.

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'm sorry to hear about Miss B's wider circumstances which have led to this complaint. I want to thank Miss B for providing this information which I can appreciate can't have been easy for her. I want to assure Miss B I've taken everything she's said and sent us into account when considering how to resolve her complaint.

As Miss B's complaint relates to both the nature of the lending checks completed by Vanquis and whether it failed to identify signs she was vulnerable, I'm going to look at the issues in turn.

I've read everything that the parties have said, but I'll concentrate my comments on what I think is relevant. If I don't comment on a specific point it's not because I've failed to consider it, but because I don't think I need to comment in order to reach a fair and reasonable outcome. And our rules allow me to do this. This reflects the nature of our service as a free and informal alternative to the courts.

Before agreeing to lend, the rules say Vanquis had to complete reasonable and proportionate checks to ensure Miss B could afford to repay the debt in a sustainable way. These affordability checks needed to be focused on the borrower's circumstances. The nature of what's considered reasonable and proportionate will vary depending on various factors like:

- The amount of credit;
- The total sum repayable and the size of regular repayments;
- The duration of the agreement;
- The costs of the credit; and
- The consumer's individual circumstances.

That means there's no set list of checks a lender must complete. But lenders are required to consider the above points when deciding what's reasonable and proportionate. Lenders may choose to verify a borrower's income or obtain a more detailed picture of their circumstances by reviewing bank statements for example. More information about how we consider irresponsible lending complaints can be found on our website.

I've set out the information Vanquis used when considering Miss B's application above. I can see Miss B confirmed her income and Vanquis verified the figure provided. Vanquis used a net monthly income figure when completing its affordability assessment, making reasonable deductions for Miss B's regular outgoings. And Vanquis checked Miss B's credit file which showed a low level of existing unsecured debts, no adverse credit and no recent missed payments. Vanquis reached the view Miss B had around £933 remaining each month after covering her existing outgoings. In my view, the lending checks indicated Miss B had a reasonable level of disposable income.

I also think it's fair to note the limit of £1,000 was fairly modest when considering Miss B had a low level of other outstanding debt and a reasonable disposable income. Taking all the

available information into account, I'm satisfied the level and nature of checks completed by Vanquis were reasonable and proportionate to the amount and type of credit it approved. And I'm satisfied the decision to approve Miss B's application and issue a credit card with a limit of £1,000 was reasonable based on the information Vanquis obtained. I'm sorry to disappoint Miss B but I haven't been persuaded that Vanquis lent irresponsibly when it approved her credit card application.

Miss B has explained that she was pressured into opening the credit card and that an abusive ex-partner went on to use it to make payments and withdraw cash. I've thought about whether there were signs I'd have expected Vanquis to have picked up that showed Miss B was coerced into applying for the credit card. The application information included an income that was verified by Vanquis and the credit file information didn't show any signs Miss B had a significant history of borrowing. The application was made online without any human intervention by Vanquis. Overall, I think it was reasonable for Vanquis to take the view Miss B freely consented to the application that was made. And, as explained above, I'm satisfied Vanquis' approach to Miss B's application was reasonable. I appreciate that this was not what Miss B's has told us took place. However, as explained, I have to consider whether it was reasonable for Vanquis to conclude she was entering into the agreement freely. And I for the reasons explained I think it was.

Miss B's also told us she feels the way her credit card was used should've indicated to Vanquis she was vulnerable and needed support. Miss B has highlighted payments and cash withdrawals she's told us were made by her ex partner. I've looked at the payments but haven't seen anything that would've highlighted to Vanquis it wasn't Miss B that was using the credit card. I think it's fair to say the payments Miss B has highlighted were completed from the point the account was opened so there was no previous track record Vanquis could've used to identify whether they were out of character. In addition, the payments in question were generally made for socialising. And there were regular cash withdrawals. But there were other payments Miss B has confirmed she made in between the payments she's explained were made by her ex-partner. I haven't seen anything in the pattern of spending or account use that would've told Vanquis it wasn't Miss B using the credit card.

I also think it's fair to note that the payments received into the account were often above the minimum. I found payments in excess of the minimum in August 2021, September 2021, October 2021, December 2021 and February 2022. In my view, that indicated Miss B was managing the account reasonably well and I haven't seen evidence that shows Vanquis ignored earlier signs of vulnerability.

Fees were applied to Miss B's account from late February 2022. I can see default fees and interest were applied in March and April 2022. Vanquis' contact notes show Miss B contacted it in mid-April 2022 and explained she was vulnerable and working with S regarding her debts. From April 2022 a 60-day breathing space hold was placed on the account to allow Miss B time to deal with S. In June 2022 Vanquis received an offer of £7.28 a month from S and agreed to put a new 60-day breathing space period in place. So from the April 2022 statement date, no additional fees or charges were applied to the account meaning any payments Miss B made from that point went towards the outstanding balance. In my view, that indicates Vanquis was willing to work with Miss B and her representatives, showing forbearance so repayments were affordable.

The account was ultimately closed in default in July 2023. By that point, due to the reduced payments Miss B was making, arrears had built to a point that the account was terminated. Whilst I understand that has impacted Miss B's credit file, I'm satisfied the information accurately reflects the history of the credit card. As a result, I'm unable to tell Vanquis to amend Miss B's credit file.

I've considered whether the business acted unfairly or unreasonably in any other way including whether the relationship might have been unfair under Section 140A of the Consumer Credit Act 1974 which says a court may make an order under Section 140 if it determines a relationship between the creditor and the debtor is unfair. The consumer is the debtor and Section 140 defines the creditor as "the person to whom his rights and duties under the agreement have passed by assignment or operation of law."

Where a debt has been sold, (as it has in this case) it follows that the debt purchaser is now the creditor for the purpose of the credit agreement. So a claim about an unfair relationship can't be brought by the consumer against the original lender as they are no longer the creditor.

I'm very sorry to disappoint Miss B but for the reasons I've given above I haven't been persuaded to uphold her complaint.

My final decision

My decision is that I don't uphold Miss B's complaint.

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

Marco Manente
Ombudsman