

The complaint

Mr R complains that Vanquis Bank Limited irresponsibly lent to him.

What happened

Mr R was approved for a Vanquis credit card in September 2019, with a £500 credit limit. The credit limit was increased a further three times; in January 2020 (£1,000), August 2020 (£1,550), and April 2021 (£2,050). Mr R says that Vanquis irresponsibly lent to him. Mr R made a complaint to Vanquis, who partially upheld his complaint. Vanquis said the first lending decision was fair, but the subsequent lending decisions shouldn't have been approved. Mr R brought his complaint to our service.

Our investigator did not uphold Mr R's complaint. He said that the first lending decision was fair, and Vanquis have upheld the subsequent lending decisions in line with what our service would have asked them to do.

Mr R asked for an ombudsman to review his complaint. He made a number of points. In summary, he said that the lending was unaffordable from the outset as he had adverse credit history, and he assumed the affordability assessment Vanquis completed included no housing costs. Mr R said after the initial lending decision Vanquis increased his credit limit, and he did not believe the redress Vanquis offered properly reflects the stress, financial hardship, and damage to his credit record.

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.

Firstly, I'm aware that I've only summarised Mr R's complaint points. And I'm not going to respond to every single point made by him. No discourtesy is intended by this. It simply reflects the informal nature of our service as a free alternative to the courts. If there's something I haven't mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point to be able to reach what I think is a fair outcome.

Before agreeing to approve or increase the credit available to Mr R, Vanquis needed to make proportionate checks to determine whether the credit was affordable and sustainable for him. 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.

Acceptance for the Vanquis credit card

The information showed that Mr R declared a gross annual income of £17,200. The Credit Reference Agency (CRA) that Vanquis used for these checks showed that Mr R had a County Court Judgement (CCJ), with the last CCJ being registered 58 months before the

checks, and defaulted accounts, with the last default showing as being registered 19 months prior to these checks.

It may help to explain here that, while information like a default or a CCJ 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 completed, to see if they made a fair lending decision here.

The CRA reported that Mr R had no active accounts in arrears at the time of the checks, and he had no arrears on any active accounts in the 12 months prior to the application checks, so it didn't appear he had any recent financial difficulty.

The CRA informed Vanquis that Mr R had active unsecured debt of £0. The new credit limit of £500 would have equated to around 2.9% of Mr R's declared gross annual income. So it wouldn't appear that he was overindebted at the time of the checks.

Vanquis also completed an affordability assessment for Mr R. Vanquis asked him for his outgoings. But Mr R didn't declare any outgoings, so they completed an affordability assessment for him. They used modelling to estimate Mr R's outgoings - which is an industry standard way of estimating outgoings. And they did have modelled housing figures. I'm satisfied it was proportionate for Vanquis to use modelled figures when Mr R did not declare any outgoings.

The affordability assessment showed that Mr R would comfortably be able to afford sustainable repayments for a £500 credit limit. Vanquis are not required to request further information such as bank statements from a potential customer for each lending decision they make. This wouldn't be proportionate.

And I'm not persuaded that it would have been proportionate for this lending decision for Vanquis to have made further checks here as Mr R had no recent adverse information on his credit file including current or recent arrears, they gave him an opportunity to declare his outgoings and they also completed an affordability assessment, which showed he would have enough disposable income to make sustainable and affordable repayments for the £500 credit limit.

So I'm persuaded that Vanquis' checks were proportionate, and they made a fair lending decision here.

Future lending decisions

As Vanquis have agreed with Mr R that these further lending decisions were irresponsible, then I am not minded to interfere with this, and therefore I have not made a finding on this. Instead, I will focus on whether the redress Vanquis has proposed is fair.

Vanquis have proposed to carry out redress which is in line with our awards for these complaints. They have not just used the refund to clear the balance of the account, but they will also pay Mr R 8% interest of £142.65, so Mr R isn't just getting the refund of any charges/interest/fees, as he is also receiving interest here.

As his Vanquis balance will be fully repaid, then the final response letter also confirms that they will amend Mr R's credit file from the date of the first credit limit increase. So Mr R's credit file would be in the position that it would have been if the credit limit increases didn't occur. So I'm not persuaded that any further redress would be proportionate here.

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 Vanquis have paid results in fair compensation for Mr R in the circumstances of his complaint. I'm satisfied, based on what I've seen, that no additional award would be appropriate in this case.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 24 February 2026.

Gregory Sloanes
Ombudsman