

## **The complaint**

Mr H complains that Vanquis Bank Limited (Vanquis) irresponsibly entered into a credit card agreement with him and increased his credit limit on several occasions, which he could not afford to repay.

## **What happened**

In March 2023, Mr H applied for a credit card with Vanquis. He was given an initial credit limit of £1,000. This limit was increased to £1,750 in May 2024, increased again in October 2024 to £2,150 and a final limit increase to £3,800 in March 2025.

In November 2025, Mr H complained to Vanquis to say that it shouldn't have given him the credit card, or the subsequent limit increases. He said that had Vanquis completed appropriate affordability checks it would have seen that the credit was unaffordable for him.

Vanquis didn't uphold the complaint. It said that it had carried out appropriate checks which showed that Mr H could afford the various credit limits it had provided him with.

Our investigator didn't recommend that the complaint should be upheld. They thought Vanquis had completed proportionate affordability checks and there was nothing in the checks that suggested Mr H wouldn't be able to afford the borrowing.

Vanquis didn't dispute this position but Mr H did. Briefly his main points were:

- He has no recollection of declaring an annual salary of £30,000 at the time of the application. He says he was receiving universal credit, alongside financial help from his partner. Vanquis should have conducted further checks to realise this.
- He was struggling to keep up repayments with his existing unsecured credit debts at the time of the application. He wanted to make a balance transfer in order to prevent these from defaulting. He had reached the credit limit in several accounts.
- His income for the first two credit limit increases was only £1,000 and Vanquis should have completed investigations into his statements to establish this.

The complaint has been passed to me for 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.

Before each lending decision, Vanquis was required to complete proportionate checks to ensure the credit it was proposing to provide was affordable. There isn't a set list of checks a lender needs to complete in each and every case. Instead, Vanquis needed to ensure it did enough based on the specific circumstances of that lending decision. The things Vanquis needed to consider when deciding what was proportionate included (but wasn't limited to):

the type and amount of credit, the size and frequency of the repayments, the cost of the borrowing and Mr H's circumstances.

#### Account opening

At the time of the credit card application, Vanquis conducted an affordability check. Mr H declared his annual income to be £30,000. Vanquis' check verified Mr H's monthly income to be at least £1,740. Mr H also declared he had £400 of housing costs. Vanquis used statistical data to estimate Mr H's other essential living expenses. Mr H also had other existing credit commitments, for which Vanquis calculated his monthly repayments to be around £420. This left a monthly disposable monthly income of approximately £245.

I have seen a summary of Vanquis' credit checks from the time of each lending decision. At the time of the application, the credit check showed that Mr H had historic financial difficulties. However, the last default was recorded in 2017. Other than this there was no adverse information. Given that it had been several years since any signs of financial struggle, I think it was reasonable for Vanquis to consider that Mr H was managing his accounts well and had no financial problems.

I can see that Mr H had around £11,500 of existing borrowing, including what he owed on the historic defaulted balances. However, as explained above, all Mr H's accounts were being well managed and I can see that while he was close to the credit limit on a small number of his existing credit cards, several were comfortably below the limit suggesting he wasn't reliant on credit.

I think the checks Vanquis completed were proportionate to this lending decision and Vanquis didn't need to carry out any further investigations when looking into Mr H's finances. I also think in the circumstances Vanquis made a fair lending decision. The checks revealed Mr H had enough disposable income to afford the credit limit of £1,000 and there were no signs of financial difficulties.

As I think Vanquis made a fair lending decision in relation to the account opening, I've gone on to consider the subsequent credit limit increases.

#### Credit limit increase one

At the time of every credit limit increase, Vanquis conducted a credit check. These checks showed that at the time of the first increase, there were two recent late payments towards this account. However, Mr H quickly made the payments shortly after the due date. There was no other adverse information on Mr H's credit file. Because the rest of Mr H's accounts were being managed well, I think it was reasonable of Vanquis to have no concerns about Mr H's finances. It is not unusual for the occasional payment to be made slightly late, particularly where Mr H was making manual payments each month (he hadn't set up a direct debit). Given the circumstances, it would appear most likely here to Vanquis that Mr H simply forgot to make these payments, rather than he was struggling to make them. I don't think these missed payments alone meant Vanquis should've completed further checks and those done at the time were proportionate.

Vanquis also considered whether Mr H could afford the credit limit by looking at his income and his existing credit commitments. Mr H declared a monthly income of around £3,800. He has also provided copies of his bank statements to this service, which showed he received income of approximately this amount at the time. Further, in the month before the limit increase was applied, Mr H cleared his balance in full of nearly £900. I think that because the check showed that Mr H was making substantially larger payments towards the account than required, Vanquis were right to consider Mr H could sustainably afford the increase to

his credit limit. For this reason I consider Vanquis made a fair lending decision when increasing Mr H's credit limit in May 2024.

#### Credit limit increase two

The credit checks completed from this point showed there were no signs of any financial difficulties, since the last credit limit increase in May 2024. There was no adverse information such as late payments or default markers present on any of the credit checks completed. Based on this, I think it's fair that Vanquis considered all accounts were being managed well by Mr H at the time of each lending decision.

Vanquis again considered whether the credit limit increase would be affordable to Mr H. He had declared that his annual income had significantly increased to £95,000, his parents were paying for his housing costs and his living expenses were £500 per month. While Mr H has provided copies of some of his bank statements which don't support this level of income, I can see that wasn't his only current account at the time so I've not seen anything to persuade me that what he declared was likely to be inaccurate.

I can see that Mr H had hardly used the account for several months leading up to this point. The most recent credit check Vanquis completed before the limit was increased (in September 2024), showed that Mr H's unsecured credit balance was around £6,500.

I think it was reasonable of Vanquis to consider Mr H could comfortably and sustainably afford the increase to his credit limit given what it understood of his circumstances. There were no signs of any financial difficulties and Mr H had a substantial amount of his income available to meet his essential living costs, without needing to use any credit available to him. Because of this, I think Vanquis made a fair lending decision when it increased Mr H's credit limit in October 2024.

#### Credit limit increase three

I can see from the credit check completed at this stage that Mr H's secured credit commitments had significantly increased since the last credit limit increase. I also note that Mr H's declared annual income had decreased by £35,000. Mr H declared that his parents paid for his housing and that his essential monthly living costs were £300.

Since the last credit limit increase, Vanquis could see that Mr H had not used the account much, only utilising a small amount of credit in the final month before the increase. It can be seen that Mr H repaid the outstanding balance in full before the time of the increase. This demonstrated that Mr H was managing his funds well and there were again no signs of any financial difficulties from the credit checks completed, or that he was reliant on this card borrowing.

I think that Vanquis again completed proportionate affordability checks and made a fair lending decision here when it increased Mr H's credit limit for the final time. I say this because whilst his income had reduced, he clearly had enough funds to comfortably afford his limited essential living costs, which were not significant whilst he was being supported by his parents. While his unsecured credit commitments had increased, it appeared he had sufficient income to comfortably afford repayments to these, his other essential outgoings, and an increased credit limit on his Vanquis credit card.

Because the checks showed Mr H was managing his finances well, I think that the checks Vanquis conducted were proportionate at every lending stage. I'm satisfied the checks showed Mr H could likely afford each credit limit increase and the lending decisions made by Vanquis were fair every time.

Mr H says he does not recall declaring his income to Vanquis. For the first two credit limit increases he was only earning £1,000 and Vanquis would have realised this had it looked at his statements. As explained above, Vanquis did ask Mr H to declare his income at every lending stage and it didn't find any reason to question the validity of what he had declared. Based on what I've seen, I'm satisfied that was fair in this case.

Further, Mr H says he was receiving universal credit which Vanquis should have realised. I think that Vanquis completed proportionate checks at every lending decision stage for the reasons I have explained above. These did not show any signs of financial difficulties and I can't see why Vanquis would consider Mr H could have been receiving benefits of any kind with the level of income that he declared. I don't think it would've been reasonable of Vanquis to have requested further information such as statements from Mr H in these circumstances, where it had no concerns about affordability or financial difficulties.

Mr H has explained that he had reached the credit limit in several of his accounts and was struggling to keep up with minimum payments. However, given that this account wasn't being utilised for some time and that it was very well managed, I don't think Vanquis could have known about Mr H's struggles. As I have explained above, the only sign of possible recent financial struggle revealed by the checks were a couple of late payments on his Vanquis credit card, however these were paid very shortly after the date due and the balance brought up to date before the next lending decision was made.

So, I've not seen anything to persuade me that Vanquis made unfair lending decisions in relation to the account opening or any of the subsequent limit increases.

In reaching my conclusions, I've also considered whether the lending relationship between Mr H and Vanquis might have been unfair to Mr H under Section 140A of the Consumer Credit Act 1974 ("CCA"). However, for the reasons I've already explained, I'm satisfied that Vanquis did not lend irresponsibly when providing Mr H the credit card, or otherwise treat him unfairly in relation to this matter. And I haven't seen anything to suggest that Section 140A CCA would, given the facts of this complaint, lead to a different outcome here.

### **My final decision**

While it'll likely come as a disappointment to Mr H, I won't be upholding his complaint against Vanquis Bank Limited for the reasons explained above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 5 January 2026.

Jenny Hiltunen  
**Ombudsman**