

The complaint

Miss B complains that Vanquis Bank Limited have irresponsibly lent to her.

What happened

Miss B was approved for a Vanquis credit card in April 2024, with a £1,250 credit limit. Miss B says that this was irresponsibly lent to her. Miss B made a complaint to Vanquis, who did not uphold her complaint. Vanquis said that the repayments were affordable to her within the levels they had set in their lending policy. Miss B brought her complaint to our service. Our investigator did not uphold Miss B's complaint. She said that the checks were proportionate, and Vanquis made a fair lending decision.

Miss B asked for an ombudsman to review her complaint. She made a number of points. In summary, she brought up other complaints she made to Vanquis aside from the irresponsible lending complaint, she said there was an inconsistency as Vanquis upheld an irresponsible lending complaint that she raised on an account opened before this account she is now complaining about, and her circumstances were the same at the time of both applications.

Miss B said that Vanquis didn't take into account repayments on her existing credit facilities, her regular outgoings, or take into account her missed repayments, Vanquis recognised instability on her account shortly after opening the account, and her financial collapse shortly after opening the account is a strong indicator the credit was unaffordable.

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 Miss B's complaint points. And I'm not going to respond to every single point made by her. 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.

Miss B has made a number of points about other complaints she's made against Vanquis. This decision will focus solely on whether Vanquis irresponsibly lent to Miss B or not. But I've asked our investigator to reach out to Miss B for an update on her other complaint points.

Before agreeing to approve the credit available to Miss B, Vanquis needed to make proportionate checks to determine whether the credit was affordable and sustainable for her. 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.

The information showed that Miss B declared a gross annual income of £26,000. The Credit Reference Agency (CRA) that Vanquis used for these checks showed that Miss B had no defaulted accounts or any County Court Judgements (CCJs) registered on her credit file.

The CRA reported that Miss B had no active accounts in arrears at the time of the checks. But she did have an external active account in arrears four months earlier, for a communications account, but it would appear that this was an oversight as she brought the account up to date in the following month and this was the only arrears showing on her external accounts.

The CRA informed Vanquis that Miss B had active external unsecured debt of £10,008. The new credit limit of £1,250 would have equated to around 4.8% of Miss B's declared gross annual income.

Vanquis also completed an affordability assessment for Miss B. Vanquis asked her for her outgoings. But the only outgoing Miss B declared was a housing cost, so Vanquis completed an affordability assessment for her. They received information from a CRA regarding Miss B's monthly credit commitments, and they used modelling to estimate Miss B's other outgoings - which is an industry standard way of estimating outgoings. So they didn't just take Miss B's word that she only had £145 of monthly outgoings. So I'm satisfied it was proportionate for Vanquis to use modelled figures when Miss B did not declare any other outgoings.

The affordability assessment showed that Miss B would comfortably be able to afford sustainable repayments for a £1,250 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. Although Miss B has questioned the results of the affordability assessment, Vanquis made three affordability assessments, one from Miss B's declared outgoings, one that they modelled and one from the Office for National Statistics (ONS), so this could be a reason why Miss B has cited differences in modelled outgoings.

And I can confirm that in Vanquis' affordability assessment they did use monthly credit commitments being reported by the CRA. So I'm not persuaded that it would have been proportionate to obtain further information from Miss B such as requesting her bank statements, as they gave her an opportunity to declare her outgoings and they also completed affordability assessments, which showed she would have enough disposable income to make sustainable and affordable repayments for the £1,250 credit limit.

Vanquis would have also been able to see how Miss B used her existing Vanquis credit card prior to the new credit card being opened. And I do have access to the internal system notes here. Miss B had incurred two late payment fees and in the same month she incurred one of these fees she incurred an overlimit fee. So this could be a sign of financial difficulty.

But I note that in the same month Miss B incurred both the overlimit and late payment fee, she made a card payment for £141.73, which was a lot higher than her minimum requested repayment, so I wouldn't be able to expect Miss B to make a much higher payment than required if she was struggling financially here. In the month after her other late payment fee, she made a repayment of £71.40, which again, was higher than her minimum requested repayment.

Miss B spoke to Vanquis on 27 October 2023, and the reason for the missed repayment was a direct debit error, so it doesn't appear that she mentioned any financial difficulties to Vanquis here, and she closed her account on 28 November 2023, after she had made a repayment of £1,128.61 on 24 November 2023.

So I'm not persuaded that there was anything on Vanquis' internal notes prior to the new account being opened, which would lead them to believe Miss B wouldn't be able to make affordable or sustainable repayments for a £1,250 credit limit, after she had been making higher repayments than required often for her previous credit limit of £1,200, which she fully repaid only months earlier than the new account being opened.

So I'm not persuaded that it would have been proportionate for this lending decision for Vanquis to have made further checks here as Miss B had no recent adverse information on her credit file (within the last three months), and no current arrears, they gave her an opportunity to declare her outgoings and they also completed affordability assessments, which showed she would have enough disposable income to make sustainable and affordable repayments for the £1,250 credit limit.

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

I've considered what Miss B has said about inconsistencies in Vanquis' irresponsible lending complaints. But I'm not persuaded that the application data was the same. I say this as the upheld complaint checks do not show Vanquis asked for any income from Miss B. They also did not ask her for any outgoings, and they didn't model any outgoings for her either. So their checks did not show the previous card was affordable for her. I also note that her active unsecured debt was several thousand pounds higher than what it was a year later when she applied for the new account.

I've considered what Miss B has said about Vanquis recognising instability on her account shortly after she opened the account, and her financial collapse shortly after opening the account is a strong indicator the credit was unaffordable. But I'm not persuaded that this would have been foreseeable to Vanquis when they completed the lending checks for the account opened in 2024.

As I've already mentioned, Miss B's total unsecured debt had been falling from when she first took out the Vanquis card in 2023, to when she took out the new Vanquis card in 2024. This could suggest that not only could Miss B service her debt, but she may have the affordability to make overpayments, as evidenced at times by her making higher repayments on her Vanquis account.

I've also considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I can't conclude that Vanquis lent irresponsibly to Miss B or otherwise treated her 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.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 25 February 2026.

Gregory Sloanes
Ombudsman