

The complaint

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

What happened

Mr C was approved for a Vanquis credit card in February 2021, with a £1,000 credit limit. The credit limit was increased to £1,750 in April 2022. Mr C says that Vanquis irresponsibly lent to him. Mr C made a complaint to Vanquis, who did not uphold his complaint. They said they assessed each lending decision fairly and accurately. Mr C brought his complaint to our service.

Our investigator did not uphold Mr C's complaint. She said that Vanquis should have made further checks for the second lending decision, but both lending decisions were fair. Mr C asked for an ombudsman to review his complaint. He made a number of points. In summary, he said that he repeatedly had a pattern of using the entire credit limit, then he made significant efforts to clear the balance, then he had no choice but to rely on the card again, which was reflective of someone relying on credit to survive gaps in income. He sent documents relating to August 2023, and February 2024.

Mr C said that the outcome of his debt being sold was foreseeable. He said as the balance grew, the minimum repayments grew, and this was part of the cycle. Mr C mentioned other lenders took different action to Vanquis. He said there was an unfair relationship, and he told us the personal and emotional impact this had on him.

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 C'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.

I've considered what Mr C has said about how other lenders acted with him. But as his complaint is about Vanquis here, I can only consider the actions of Vanquis here. I can only consider the complaint points that Mr C made to Vanquis originally. So I've considered whether Vanquis have irresponsibly lent to Mr C.

Before agreeing to approve or increase the credit available to Mr C, 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 C declared a gross annual income of £19,000. The Credit Reference Agency (CRA) that Vanquis used for these checks reported that Mr C had no County Court Judgements (CCJ's), or defaulted accounts.

The CRA reported that Mr C 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 C had active unsecured debt of around £561, so he would have had an unsecured active debt to declared gross annual income of less than 3%. So it wouldn't appear that he was overindebted at the time of the checks.

Vanquis also completed an affordability assessment for Mr C. Vanquis asked him for his outgoings. But Vanquis didn't just take Mr C's word for this. They completed an affordability assessment for him. They used information that Mr C had provided, modelling to estimate Mr C's outgoings - which is an industry standard way of estimating outgoings, and information from a CRA about Mr C's monthly credit commitments.

The affordability assessment showed that Mr C would comfortably be able to afford sustainable repayments for a £1,000 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 C 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 £1,000 credit limit.

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

April 2022 credit limit increase - £1,000 to £1,750

The CRA reported that Mr C's active external unsecured debt was £54 which was significantly lower than what it was at the opening checks. This could suggest that not only could Mr C service this debt, but it could suggest he had disposable income in order to reduce the debt also.

The CRA reported Mr C hadn't been in arrears on any accounts since his Vanquis account had been opened. Vanquis would have also been able to see how Mr C used his Vanquis account since it had been opened.

Mr C didn't incur two late payment charges, and he did exceed his credit limit in one month, however, it appears this was an oversight due to the interest being charged to the account (he exceeded the credit limit by £3.43). Mr C brought his account back within its limit shortly after this. Mr C was utilising nearly all of his credit for the six months prior to the credit limit increase, but I note he was paying a lot more than the minimum repayment, which I wouldn't expect him to be able to make if he was struggling financially.

But based on Mr C being closed to his credit limit, and the missed payments, I'm persuaded that Vanquis should have completed further checks to ensure the repayments for the new

credit limit would be affordable and sustainable for Mr C.

There's no set way of how Vanquis should have made further proportionate checks. One of the things they could have done was to contact Mr C to ask him why his active unsecured debt had substantially increased since the last lending decision. Or they could have asked for his bank statements as part of a proportionate check to ensure the lending was sustainable and affordable for him.

I must reiterate that while I'm persuaded that Vanquis should have made further checks, it does not automatically follow that a complaint should be upheld. After all, the crux of the matter is whether Mr C could make affordable and sustainable repayments for a higher credit limit.

While the bank statements are a snapshot of time prior to this lending decision, if Vanquis would have viewed these then I'm persuaded that they still would have approved the credit limit increase, and they would have made a fair lending decision here.

I say this as Mr C's bank statements do not show him being overdrawn, or having returned direct debits. He often has a three figure credit balance, and he has enough disposable income in order to make non-essential expenditure. So I'm persuaded that Vanquis made a fair lending decision here.

I'm sorry to read about the impact Mr C told us the lending had on him. While Mr C has provided documents from 2023 and 2024, these are after the Vanquis lending decisions, and as Mr C had been able to reduce his external debt prior to the credit limit increase, and he had been making larger repayments than required to his Vanquis account prior to the credit limit increase, then I can't agree that Vanquis should be able to see a cycle which meant Mr C couldn't afford to make sustainable repayments for a £1,750 credit limit.

As I previously mentioned, Mr C's external debt at the time of the checks was £54. But by December 2023 – over 18 months after the last lending decision, the CRA reported it was £34,686. So I can't fairly say that Vanquis could have realistically foreseen that after Mr C had been reducing his unsecured debt, that it would grow by so much after the last credit limit increase.

The system notes show that when Mr C had contacted Vanquis about his late payment charges, he often had a reason for these - such as needing to pay parking fines, having unexpected expenditure, he wasn't paid, he was struggling with the application (app) etc. And I can't fairly say that it would have been foreseeable for Vanquis to know these were the reasons Mr C was late with payments after the credit limit had been increased.

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 Mr C 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.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 20 February 2026.

Gregory Sloanes
Ombudsman