

The complaint

Miss K complains that Vanquis Bank Limited lent irresponsibly when it approved her credit card application and later increased the limit.

What happened

Miss K applied for a Vanquis credit card in August 2019. In her application, Miss K gave an annual income of £31,000 that Vanquis calculated left her with £2,041 a month net. Miss K also said she was renting her home. A credit search was completed that found Miss K had unsecured debt of £16,700, of which £12,242 was a hire purchase agreement. Vanquis completed an affordability assessment taking Miss K's income, estimates for her rent and general living expenses and unsecured debts into account. Vanquis reached the view Miss K's disposable income was sufficient to manage a new credit card with a limit of £1,000 and approved her application.

Miss K went on to use the credit card and Vanquis increased the limit to £1,750 in March 2023 and £2,350 in July 2023. Vanquis says that before each credit limit increase it completed new lending checks, including asking Miss K to confirm her income and outgoings, to ensure it lent responsibly.

More recently, Miss K complained that Vanquis lent irresponsibly and it issued a final response. Vanquis said it had carried out the relevant lending checks before approving Miss K's application and increasing the limit and didn't agree it lent irresponsibly.

An investigator at this service looked at Miss K's complaint. They thought Vanquis had completed reasonable and proportionate checks before approving Miss K's application and later increasing the limit of her credit card and didn't agree it lent irresponsibly. Miss K asked to appeal, so her complaint has been passed to me to make a 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 agreeing to lend or increasing the credit limit, the rules say Vanquis had to complete reasonable and proportionate checks to ensure Miss K 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 that Vanquis used when considering Miss K's application above. I can see Miss K confirmed her annual income and a net monthly figure was calculated by Vanquis. The credit search provided details of Miss K's unsecured debts and shows she owed around £16,700 at the time and was making monthly repayments of £443. No adverse credit like County Court Judgements or defaults were noted.

Vanquis also used estimates for Miss K's rent and general living expenses obtained from nationally recognised statistics – an approach it's allowed to take under the relevant lending rules. And after taking Miss K's income, regular outgoings and debt repayments into account, I think Vanquis reached a reasonable view when it says her disposable income was sufficient to sustainably afford repayments to a new credit card with a limit of £1,000. In my opinion, Vanquis completed reasonable and proportionate checks before approving Miss K's application and issuing a credit card with a limit of £1,000. And I think the decision to proceed was reasonable based on the information Vanquis obtained. I'm sorry to disappoint Miss K but I haven't been persuaded Vanquis lent irresponsibly when it approved her credit card application.

The initial credit limit remained in place for around four years. I can see there were periods when late and overlimit fees were applied to Miss K's account. But I note no new fees or charges were applied for over six months before the first credit limit was approved in March 2023. I can see Miss K's unsecured debts had increased to around £18,500 but there was no new adverse credit or recent missed payments noted on her credit file. And I'm satisfied the cost of covering Miss K's existing debts was taken into account by Vanquis.

Before approving the credit limit increase Vanquis contacted Miss K and asked her to confirm her income, rent and general living expenses. Miss K confirmed her monthly income at £2,560, general living expenses of £400 and rent of £250 plus a deduction for her credit commitments. That left a figure of £1,685 remaining as a disposable income.

I haven't seen anything in the lending data Vanquis obtained that would've indicated Miss K was struggling or unable to sustainably afford a £750 increase to the existing credit limit taking it to £1,750 in March 2023. In my view, Vanquis completed proportionate checks before increasing the limit to £1,750 and its decision to do so was reasonable based on the information it obtained.

Vanquis followed a similar approach when increasing the credit limit to £2,350 in July 2023. Again, Vanquis checked Miss K's credit file and found no new adverse credit, defaults or recent missed payments had been recorded. Miss K's debts stood at around the same level, increasing slightly to £19,000. Vanquis also asked Miss K to reconfirm her income and regular outgoings which were taken into account when completing the affordability assessment. Vanquis says Miss K had a disposable income of £1,567 a month after covering her existing outgoings and I haven't seen information that suggests it reached an unreasonable conclusion.

Overall, I'm satisfied Vanquis' checks were proportionate to the £600 increase it approved in July 2023 taking Miss K's credit limit to £2,350. And I'm satisfied the decision to approve the credit limit increase was reasonable in terms of the information Vanquis obtained. I'm sorry to disappoint Miss K but I haven't been persuaded Vanquis lent irresponsibly when it increased the credit limit on her credit card.

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. However, for the reasons I've already given, I don't think Vanquis lent irresponsibly to Miss K or otherwise treated her unfairly. I haven't seen anything to suggest that Section 140A or anything else would, given the facts of this complaint, lead to a different outcome here.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss K to accept or reject my decision before 2 February 2026.

Marco Manente
Ombudsman