

## **The complaint**

Miss B complains that Vanquis Bank Limited (Vanquis) irresponsibly entered into a credit card agreement with her and increased her credit limit on several occasions.

## **What happened**

In December 2018, Miss B applied for a credit card with Vanquis. It approved an initial credit limit of £1,000, then increased the limit to £2,000 in April 2019, £3,000 in September 2019 and £3,500 in January 2020.

Miss B complained to Vanquis to say that it should not have given her the credit card, or the subsequent limit increases. She said that had Vanquis completed appropriate affordability checks it would have seen that the credit was unaffordable for her.

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

Our investigator didn't recommend that the complaint should be upheld. They thought Vanquis had made fair lending decisions at every stage.

Miss B didn't agree, mainly because she didn't think the income figures used to calculate her disposable income were accurate. So 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. 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 Miss B's circumstances.

### Account opening

At the time of the credit card application, Miss B declared that she had an annual income of £17,540. I've seen no evidence to show that Vanquis verified this income.

Vanquis completed a credit check and discovered that whilst there was no recent adverse information such as late payments, Miss B did have a County Court Judgment around 57 months prior and an account that had defaulted around nine months prior. It found that she had an outstanding balance of around £100 on her active unsecured debt.

I'm not satisfied Vanquis completed reasonable and proportionate checks given it was making £1,000 of credit available to Miss B. I say this because Miss B's declared monthly income was fairly low for a borrowing of this size and it's unclear whether Vanquis took any steps to verify what funds Miss B had coming in each month. The default nine months before the application should have caused Vanquis some concern about how Miss B handled her finances. So Vanquis should have done more to establish a more accurate picture of Miss B's true financial position, to discover whether she could comfortably and sustainably afford the amount it was lending to her.

Miss B has provided us with some of her current account statements. I'm not suggesting Vanquis needed to review Miss B's bank statements as part of any proportionate affordability assessment. But, the statements give a good indication of what Vanquis could have learnt about her financial circumstances had it done more.

The bank statements from the months before the account was opened, show that the income declared by Miss B was accurate. I've seen that Miss B did regularly go into her overdraft, but she did also bring the account back into credit and I've not seen anything in the bank statements to demonstrate Miss B couldn't comfortably and sustainably afford the repayments towards the new credit card account after taking into account her essential expenditure. She's said her child maintenance receipts shouldn't be taken into consideration as part of her income. However, that was money she was receiving to use towards her expenditure and ought to be taken into account when thinking about her overall financial situation. But, I can't see that the credit card limit of £1,000 appeared unaffordable even if the child maintenance payments are disregarded. Because I think the credit card account with a credit limit of £1,000 was sustainably affordable to Miss B at the time of the account opening, I think Vanquis made a fair lending decision.

#### Credit limit increases one and two

Vanquis completed a credit check at the time of both credit limit increases one and two. These revealed no new recent adverse information, so I can't say Vanquis ought to have had any concern about how Miss B was handling her accounts. This check also showed that Miss B had very little unsecured borrowing elsewhere, it had not exceeded £500 since the account was opened.

Vanquis also estimated Miss B's disposable income using information she gave them about her income and essential expenditure. Her income had remained broadly similar since the application and the expenditure figures seemed reasonable. At the time of both increases, Vanquis calculated that Miss B had around £800 disposable monthly income. I'm satisfied that this was enough funds for Vanquis to decide that Miss B would be able to comfortably and sustainably afford the repayments towards the increase to her credit limit of up to £3,000.

I have seen evidence of how Miss B managed her Vanquis account since opening it, which was of course information accessible to Vanquis at the time. I can see that Miss B managed the account well – she made all payments on time and for the majority of the time used less than half of the credit limit available to her. I don't think based on this information Vanquis would have thought Miss B was struggling financially.

Since the checks completed by Vanquis didn't show any signs of a financial struggle and showed that Miss B could sustainably afford the increases to her credit limit up to £3,000, I'm satisfied proportionate checks were completed and fair lending decisions were made on both occasions.

#### Credit limit increase three

Vanquis have provided a summary of the monthly usage of the credit card. This shows Miss B did not spend over the credit limit of £3,000. Because she did not borrow any funds from Vanquis over this amount, no interest or charges were applied as a result of increasing the credit limit on the third occasion to £3,500. Miss B did not suffer any financial loss as a result of Vanquis' lending decision in January 2020, so I will not be looking into this limit increase any further.

### Conclusion

I've not seen anything to persuade me that Vanquis made unfair lending decisions in relation to the account opening or credit limit increase one or two. However, as Miss B has indicated she is struggling now with repayments, I remind Vanquis of its obligations to treat her fairly and with forbearance.

In reaching my conclusions, I've also considered whether the lending relationship between Miss B and Vanquis might have been unfair to Miss B 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 Miss B with the credit card, or otherwise treat her 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 Miss B, I'm not upholding her complaint against Vanquis Bank Limited for the reasons I've explained above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 18 February 2026.

Jenny Hiltunen  
**Ombudsman**