

The complaint

Mr Z has complained that Vanquis Bank Limited were irresponsible when increasing the credit limit on his credit card.

What happened

Vanquis provided Mr Z with a credit card in March 2022 with a limit of £500. This limit was increased four times over the following year and five months, with the highest limit reaching £4,000 in August 2023.

Mr Z isn't unhappy with the decision to open the credit card account, or with the first two credit limit increases, to £1,450. However, he says that the final two increases were irresponsible, the checks carried out were insufficient and a more thorough check would have revealed that the required repayments were unaffordable.

Vanquis reviewed Mr Z's complaint and didn't uphold it. They were satisfied that appropriate checks were carried out in advance of each credit limit increase. They felt that there was no indication that the repayments were unaffordable.

An investigator then reviewed the merits of Mr Z's complaint but didn't think Vanquis had done anything wrong when increasing the limits.

Mr Z disagreed with our investigator's opinion. In summary he felt that a more thorough check would have shown the increases to be unaffordable, as his debt was increasing and he was relying on credit for day-to-day expenditure.

Because an agreement couldn't be reached, the complaint has been passed to me to decide.

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.

Having done so, I'm not upholding this complaint. I know this will disappoint Mr Z, so I'll explain why.

The rules and regulations in place when Vanquis increased the credit limits, required them to carry out a reasonable and proportionate assessment of whether Mr Z could afford to repay what he owed in a sustainable manner. This is sometimes referred to as an 'affordability assessment' or 'affordability check'.

The checks had to be 'borrower' focused. This means Vanquis had to think about whether repaying the credit would cause difficulties or adverse consequences for Mr Z. In other words, it wasn't enough for Vanquis to consider the likelihood of them getting the funds back – they had to consider the impact of any repayments on Mr Z.

Checks also had to be 'proportionate' to the specific circumstances of the lending. In general, what constitutes a proportionate affordability check will be dependent on a number of factors including – but not limited to – the particular circumstances of the consumer (e.g. their financial history, current situation and outlook, any indications of vulnerability or financial difficulty) and the amount/type/cost of credit they were seeking. I've kept all of this

in mind when thinking about whether Vanquis did what they needed to before increasing the credit limits.

Vanquis used information declared by Mr Z in his application and used data supplied by a credit reference agency (CRA) to help them see whether the credit was affordable for Mr Z.

In his application Mr Z declared a monthly income of £2,800. Vanquis verified this through a CRA.

The other CRA information Vanquis obtained showed Mr Z was up to date on current credit with no adverse information recorded on any open accounts, however there were five prior defaults visible, the most recent being in August 2020.

Vanquis could also see that Mr Z had made payments on this account which were significantly above the minimum payments required, in the three months preceding both credit limit increases three and four. This is generally considered to be a positive indicator.

Using all this information, Vanquis concluded that the required repayments each month would be affordable and didn't feel they needed to do any further checks.

Although I understand their position, on balance, I don't consider that these checks were sufficient, due to a combination of factors.

In April 2023, at the time of the third credit limit increase to £2,500, Mr Z's overall indebtedness had increased to around £16,000 and he had made a number of cash withdrawals from his credit card in recent months. Mr Z had previous defaults as mentioned above, and all of these factors can be indicators of financial difficulty.

Furthermore, this was to be the third credit limit increase in little more than a year and the biggest increase to date, so I think it would have been appropriate for Vanquis to perform some further checks and to understand Mr Z's committed expenditure, to ensure the credit limit increase was affordable for Mr Z.

There's no set way for how Vanquis should have carried out further checks; they could have asked Mr Z about his expenditure or, if they felt it appropriate, they could have reviewed his bank statements.

In reaching my decision, I have used Mr Z's bank statements to calculate affordability, as it is an easy way for this service to understand what proportionate checks would have likely revealed.

For my assessment I have reviewed each of the three-month periods directly preceding credit limit increases three and four.

Mr Z's income was consistent at around the figure he had originally quoted, averaging around £2,800 per month.

From reviewing Mr Z's committed expenditure over these periods, there was nothing contained within to indicate any concerns were regards to affordability.

I have used the detail and calculated there to be sufficient disposable income remaining each month, for other general living expenses and to be able to afford the additional credit provided by these increases.

It is likely therefore, that had Vanquis performed additional proportionate checks before these credit limit increases, they would have concluded that the required repayments, even if the new credit limits were fully utilised, would have been affordable, as that is what I have found.

So, while it will come as a disappointment to Mr Z, I don't think Vanquis acted irresponsibly when increasing Mr Z's credit limit to £2,500 and then to £4,000

In reaching my conclusions, I've also considered whether the lending relationship between Mr Z and Vanquis might have been unfair to Mr Z 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 they increased the credit limit or otherwise treated him unfairly in relation to this matter. And I haven’t seen anything to suggest that Section 140A of the CCA would, given the facts of this complaint, lead to a different outcome here.

Separately, whilst I’m not upholding this complaint, I would remind Vanquis of its obligations to treat Mr Z with forbearance moving forward as he is experiencing financial difficulty, and I would also certainly encourage Mr Z to keep in contact with Vanquis about his circumstances.

My final decision

My final decision is that I don’t uphold this complaint against Vanquis Bank Limited.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr Z to accept or reject my decision before 26 February 2026.

David Barker
Ombudsman