

Complaint

Miss N has complained about a credit card Vanquis Bank Limited (“Vanquis”) provided to her. She says the credit card was unaffordable because of its large credit limit and so shouldn’t have been provided to her.

Background

Vanquis provided Miss N with a credit card with an initial limit of £1,000.00 in January 2020. Miss N’s credit limit was never increased.

One of our investigators reviewed what Miss N and Vanquis had told us. And he thought Vanquis hadn’t done anything wrong or treated Miss N unfairly. So he didn’t recommend that Miss N’s complaint be upheld.

Miss N disagreed and asked for an ombudsman to look at her complaint.

My findings

I’ve considered all the available evidence and arguments to decide what’s fair and reasonable in the circumstances of this complaint.

We’ve explained how we handle complaints about unaffordable and irresponsible lending on our website. And I’ve used this approach to help me decide Miss N’s complaint.

Having carefully considered everything, I’ve decided not to uphold Miss N’s complaint. I’ll explain why in a little more detail.

Vanquis needed to make sure it didn’t lend irresponsibly. In practice, what this means is Vanquis needed to carry out proportionate checks to be able to understand whether Miss N could afford to repay any credit it provided.

Our website sets out what we typically think about when deciding whether a lender’s checks were proportionate. Generally, we think it’s reasonable for a lender’s checks to be less thorough – in terms of how much information it gathers and what it does to verify it – in the early stages of a lending relationship.

But we might think it needed to do more if, for example, a borrower’s income was low or the amount lent was high. And the longer the lending relationship goes on, the greater the risk of it becoming unsustainable and the borrower experiencing financial difficulty. So we’d expect a lender to be able to show that it didn’t continue to lend to a customer irresponsibly.

Vanquis says it initially agreed to Miss N’s application after it obtained information on her income and carried out a credit search. And the information obtained indicated that Miss N would be able to make the monthly repayments due for this credit card. On the other hand, Miss N says that she shouldn’t have been lent to.

I’ve considered what the parties have said.

What's important to note is that Miss N was provided with a revolving credit facility rather than a loan. And this means that Vanquis was required to understand whether a credit limit of £1,000.00 could be repaid within a reasonable period of time, rather than whether £1,000.00 could be paid all in one go. A credit limit of £1,000.00 required low monthly payments in order to clear the full amount that could be owed within a reasonable period of time.

I understand that Miss N appears to have declared that she was employed full time and earning around £20,000.00 a year. Furthermore, Vanquis' credit check showed that Miss N didn't have much in the way of active debts or commitments at the time of application.

Equally, it appears as though it had been over four years since any significant adverse information – such as defaulted accounts or county court judgments (“CCJ”) had been recorded against her.

Nonetheless, I do think that Miss N's previous difficulties with credit is a factor that Vanquis ought to have taken account of. And in deciding to provide Miss N with a limit of £1,000.00 without understanding her living expenses, I don't think that Vanquis did do this. So I'm satisfied that it failed to carry out reasonable and proportionate checks before lending in this instance.

That said, I don't think that Vanquis carrying out further checks is more likely than not to have made a difference here. I say this because I'm satisfied that Vanquis is still likely to have lent to Miss N even if it had found out more about her actual living expenses, rather than relying on any statistical data.

I say this because the information Miss N has provided from the time does appear to show that when her discernible committed regular living expenses and the credit commitments Vanquis is likely to have known about are deducted from the funds she received, she did have the funds, at the time at least, to sustainably make the repayments due under this agreement.

So overall and having carefully considered everything, I've not been persuaded that proportionate checks would have shown that Vanquis that it shouldn't have provided this credit card to Miss N.

In reaching my conclusions, I've also thought about what Miss N has said about immediately using all of the credit that was made available to her. It's fair to say that Miss N did use the credit that Vanquis made available to her. However, this was credit she had an agreement to use.

Equally, there weren't any transactions that were obviously concerning, particularly as there were also periods where Miss N made repayments that were well in excess of the minimum she was required to make. In these circumstances, I'm not persuaded that Miss N's use of the card once it was granted to her means that her complaint should be upheld either, or that Vanquis ought to have defaulted the account much sooner than it actually did either.

Overall and having considered everything, while I can understand Miss N's sentiments, I don't think that Vanquis treated Miss N unfairly or unreasonably when providing her with her credit card. And I'm not upholding Miss N's complaint. I appreciate this will be very disappointing for Miss N. But I hope she'll understand the reasons for my decision and that she'll at least feel her concerns have been listened to.

My final decision

For the reasons I've explained, I'm not upholding Miss N's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss N to accept or reject my decision before 3 February 2026.

Jeshen Narayanan
Ombudsman