

The complaint

Mrs S complains that Vanquis Bank Limited lent irresponsibly when it approved his credit card application.

What happened

The background to this complaint and my initial conclusions were set out in a provisional decision. I said:

Mrs S applied for a Vanquis credit card in February 2025. In her application, Mrs S said she was unemployed with an annual income of £50,000. Vanquis carried out a credit checks that found Mrs S had a mortgage with monthly repayments of £1,070 that was subject to missed payments three months before and was in an active payment arrangement. Other debts totalling around £2,400 were also found on Mrs S' credit file.

Vanquis completed an affordability assessment and calculated Mrs S had around £617 as a disposable income each month. Vanquis approved Mrs S' application that came with a three month interest free promotion on purchases and issued a credit card.

Mrs S obtained a loan and on 17 April 2025 used it to repay the outstanding balance of £595. Mrs S continued to use the credit card from 18 April 2025 which built up an outstanding balance.

Mrs S went on to complain that Vanquis lent irresponsibly and it issued a final response. Vanquis said it had completed the relevant lending checks before approving Mrs S' application and didn't agree it lent irresponsibly.

An investigator at this service upheld Mrs S' complaint. They thought the decision to approve Mrs S' application wasn't reasonable and Vanquis ultimately agreed to refund all interest, fees and charges applied from the date the credit card was issued. Following further information from Mrs S the investigator also asked Vanquis to cover fees Mr S had incurred on the loan she took out in April 2025 that was used to repay the outstanding balance. Whilst Vanquis was willing to refund the interest, fees and charges applied to Mrs S' credit card it wasn't willing to cover the loan fees she paid. As a result, Mrs S' case has been passed to me to make a decision.

What I've provisionally 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, the rules say Vanquis had to complete reasonable and proportionate checks to ensure Mrs S 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 Vanquis obtained when considering Mrs S' application above. I can see our investigator felt the fact Mrs S had recent mortgage arrears and had given her income as £50,000 while advising she was unemployed should've led to better lending checks by Vanquis. When the investigator looked at Mrs S' bank statement they found she was in receipt of benefit income at a lower level than confirmed in the application and didn't have funds available to cover a new credit card.

Vanquis has already agreed it lent irresponsibly so I don't need to comment further on this point other than by saying I agree that a refund of interest, fees and charges applied to the credit card from the date of approval is a fair settlement.

The remaining issue is whether it's fair to Vanquis to compensate Mrs S for the fees she incurred by taking out a 12 month term loan for £600 to repay the outstanding balance of her credit card in April 2025. I can see that Mrs S has provided evidence she took out a loan that allowed two advances of £600 in a 12 month term. The second £600 advance is only available once the first £600 is repaid. The loan came fees of £20 a month.

I understand Mrs S wants Vanquis to cover her loan fees but I haven't been persuaded that's a fair way to resolve her complaint. Whilst I can see Mrs S took out a loan and used it to make a payment of £595 towards the outstanding balance on 17 April 2025, the account history shows she continued to use the credit card in the same way. I can see retail transactions continued at a similar pace from 18 April 2025 and that Mrs S continued to use the credit card.

I also think it's fair to say Mrs S could've contacted Vanquis if she was struggling with the repayments for her credit card to see what assistance could've been offered. Mrs S could've also asked Vanquis to close her account to new spending when she made the 17 April 2025. Vanquis has a range of options for supporting customers who're struggling with repayments.

Whilst I understand Mrs S is free to decide how she manages her finances, I haven't been persuaded it would be fair to tell Vanquis to cover the loan fees she went on to incur. I'm sorry to disappoint Mrs S as while I agree with the decision to refund all interest, fees and charges applied to her credit card by Vanquis, I haven't been persuaded to award the loan fees.

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, I'm satisfied the redress I have directed below results in fair compensation for Mrs S in the circumstances of her complaint. I'm satisfied, based on what I've seen, that no additional award would be appropriate in this case.

I invited both parties to respond with any additional comments or information they wanted me to consider before I made my final decision. Mrs S responded to confirm the situation

had impacted her mental health and asked me to take her circumstances into account when reaching my final decision. Mrs S added she still wants Vanquis to cover the loan fees she incurred. Vanquis responded to confirm it accepted the provisional 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.

I'd like to thank both parties for their responses. I understand Mrs S remains unhappy with the settlement I reached in the provisional decision and that her account with Vanquis has impacted her mental health. But I need to be fair to both parties and I think it's reasonable to say the account balance represents funds Mrs S has used. As I noted in the provisional decision, Mrs S used a loan with another lender to repay the outstanding balance of her Vanquis account but then went on to use it again in the following days. I remain of the view that it's fair for Vanquis to ask Mrs S to repay the balance built up.

Vanquis has specialist customer service teams that will assist Mrs S to see whether an affordable repayment plan can be agreed. And Vanquis will need to ensure it treats Mrs S fairly and takes any vulnerability she has into account. Any repayment plan agreed will need to be affordable for Mrs S based on her circumstances. I haven't seen anything that indicates Vanquis has treated Mrs S unfairly when dealing with her account.

I should also add that our website contains details of various organisations that can support customers in need of assistance. Mrs S or her representative are also able to contact our investigator directly for the details of organisations that may be able to assist.

I've read and considered all the available information but haven't been persuaded to change the conclusions I reached in my provisional decision. I still think Mrs S' complaint should be upheld with Vanquis refunding the interest, fees and charges applied.

My final decision

Your text here

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 6 February 2026.

My decision is that I uphold Mrs S' complaint and direct Vanquis Bank Limited to settle as follows:

- Rework the account removing all interest, fees, charges, and insurances (not already refunded) that have been applied.
- If the rework results in a credit balance, this should be refunded to Mrs S along with 8% simple interest per year* calculated from the date of each overpayment to the date of settlement. Vanquis should also remove all adverse information regarding this account from her credit file.
- Or, if after the rework there is still an outstanding balance, Vanquis should arrange an affordable repayment plan with Mrs S for the remaining amount. Once she's cleared the balance, any adverse information in relation to the account should be removed from her credit file.
- If Vanquis has sold the debt to a third party, it should arrange to either buy back the debt from the third party or liaise with them to ensure the redress set out above is carried out promptly.

*HM Revenue & Customs requires Vanquis to deduct tax from any award of interest. It must give Mrs S a certificate showing how much tax has been taken off if she asks for one. If it intends to apply the refund to reduce an outstanding balance, it must do so after deducting the tax.

Marco Manente
Ombudsman