

Complaint

Mr W has complained about a credit card Vanquis Bank Limited (“Vanquis”) provided to him. He says that the credit card and the subsequent limit increases were unaffordable for him and this resulted in ongoing difficulties.

Background

Vanquis provided Mr W with a credit card with an initial limit of £250 in May 2014. Mr W’s credit limit was then increased on four occasions on the following dates:

March 2015 – limit increased to £1,000.00
September 2015 – limit increased to £2,000.00
February 2016 – limit increased to £3,000.00
June 2017 – limit increased to £3,500.00

In February 2025, Mr W complained saying that the credit card and the limit increases Vanquis provided to him were unaffordable and caused him continued financial difficulty as this resulted in ongoing financial difficulty.

Vanquis did not uphold Mr W’s complaint. It believed that Mr W had complained too late. Mr W remained dissatisfied and referred his complaint to our service. When responding to our request for its file on Mr W’s complaint, Vanquis reiterated its belief that Mr W had complained too late.

One of our investigators reviewed what Mr W and Vanquis had told us. And she thought Vanquis hadn’t done anything wrong or treated Mr W unfairly in relation to providing the credit card or increasing Mr W’s credit limit on the occasions that it did. So she didn’t recommend that Mr W’s complaint be upheld.

Mr W disagreed and asked for an ombudsman to look at the 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.

Basis for my consideration of this complaint

There are time limits for referring a complaint to the Financial Ombudsman Service. Vanquis has argued that Mr W’s complaint about the initial decision to provide the card and the first limit increase was made too late because he complained more than six years after these lending decisions; as well as more than three years after he ought reasonably to have been aware of his cause to make this complaint.

Our investigator explained why it was reasonable to interpret Mr W’s complaint as being one alleging that the relationship between him and Vanquis was unfair to him as described in

s140A of the Consumer Credit Act 1974 (“CCA”). He also explained why this complaint about an allegedly unfair lending relationship had been made in time.

Having carefully considered everything, I’ve decided not to uphold Mr W’s complaint. Given the reasons for this, I’m satisfied that whether Mr W’s complaint about the specific lending decisions was made in time or not has no impact on that outcome.

I’m also in agreement with the investigator that Mr W’s complaint should be considered more broadly than just the lending decisions. I consider this to be the case as Mr W has not only complained not about the respective decisions to lend but has also alleged that this unfairly impacted upon his financial position moving forward.

I’m therefore satisfied that Mr W’s complaint can therefore reasonably be interpreted as a complaint about the overall fairness of the lending relationship between him and Vanquis. I acknowledge Vanquis may not agree that we can look at parts of Mr W’s complaint, but given the outcome I have reached, I do not consider it necessary for me to make any further comment, or reach any findings on these matters.

In deciding what is fair and reasonable in all the circumstances of Mr W’s case, I am required to take relevant law into account. As, for the reasons I’ve explained above, I’m satisfied that Mr W’s complaint can be reasonably interpreted as being about the fairness of the lending relationship between him and Vanquis, relevant law in this case includes s140A, s140B and s140C of the CCA.

S140A says that a court may make an order under s140B if it determines that the relationship between the creditor (Vanquis) and the debtor (Mr W), arising out of a credit agreement is unfair to the debtor because of one or more of the following, having regard to all matters it thinks relevant:

- any of the terms of the agreement;
- the way in which the creditor has exercised or enforced any of his rights under the agreement;
- any other thing done or not done by or on behalf of the creditor.

Case law shows that a court assesses whether a relationship is unfair at the date of the hearing, or if the credit relationship ended before then, at the date it ended. That assessment has to be performed having regard to the whole history of the relationship. S140B sets out the types of orders a court can make where a credit relationship is found to be unfair – these are wide powers, including reducing the amount owed or requiring a refund, or to do or not do any particular thing.

Given Mr W’s complaint, I therefore need to think about whether Vanquis’ decision to initially lend to Mr W, increase his credit limit on the occasions it did, or its later actions resulted in the lending relationship between Mr W and Vanquis being unfair to Mr W, such that it ought to have acted to put right the unfairness – and if so whether it did enough to remove that unfairness.

Mr W’s relationship with Vanquis is therefore likely to be unfair if it didn’t carry out reasonable and proportionate checks into Mr W’s ability to make his repayments in circumstances where doing so would have revealed the credit card or the limit increases to be unaffordable, or that it was irresponsible to lend. And if this was the case, Vanquis then didn’t somehow then remove the unfairness this created.

I’ve considered Mr W’s complaint in this context.

Were the decisions to provide the credit card and subsequent credit limit increases unfair?

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 Mr W's complaint.

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 Mr W 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 Mr W's application after it obtained information on his income and carried out a credit search. And the information obtained indicated that Mr W would be able to make the low monthly repayment due on this credit card. It says similar checks were carried out before Mr W's credit limit was increased on the occasions that it was and these checks also showed the limit increases to be affordable.

On the other hand, Mr W says that credit card and limit increases were unaffordable and that they caused him ongoing financial difficulty as a result.

I've considered what the parties have said.

Vanquis' initial decision to offer Mr W a credit card

What's important to note is that Mr W was provided with a revolving credit facility rather than a loan. And this means that to begin with Vanquis was required to understand whether a credit limit of £250 could be repaid within a reasonable period of time, rather than in one go. It's fair to say that a credit limit of £250 required low monthly payments in order to clear the full amount that could be owed within a reasonable period of time.

I've seen records of the information Vanquis obtained from Mr W about his income and what was on the credit search carried out. The credit search did show that Mr W had had previous difficulties with credit in the form of defaulted accounts. Given what Mr W has told us, I think that these accounts defaulted when he entered into a trust deed. However, the latest default was around a year and a half prior to this application. So I don't think that this information in itself suggested that Mr W shouldn't have been lent to.

The credit search also showed that Mr W had some active credit at this stage. But this wasn't a high amount and the active commitments he had were also being relatively well maintained. Vanquis says that Mr W declared a salary of £80,000.00 a year and this combined with the credit file information meant that it was reasonable to conclude that Mr W could afford the repayments he could have to make. Having reviewed the information obtained and the low credit limit provided, I'm in agreement with this conclusion.

As this is the case, I'm satisfied that it was unfair for Vanquis to offer Mr W a credit card with a limit of £250 and therefore there was no unfairness created at this stage.

The credit limit increases Vanquis offered to Mr W

As I've explained in the background section of this decision, Vanquis increased Mr W's credit limit on four occasions. It increased Mr W's credit limit to £1,000.00 in March 2015, £2,000.00 in September 2015, £3,000.00 in February 2016 and finally £3,500.00 in July 2016.

Bearing in mind the extra being granted at the time of these limit increases and the fact that Mr W could be left with having to repay £1,000.00, £2,000.00, £3,000.00 and then £3,500.00 within a reasonable period of time, I do think that it would have been reasonable and proportionate for Vanquis to have found out a bit more about Mr W's regular living costs before offering these increases.

As I can't see that this was something that Vanquis did do, I don't think that it carried out reasonable and proportionate checks before providing these increases to Mr W.

However, Mr W hasn't been able to provide us with the information we require in order to be able to assess whether Mr W's actual living costs were significantly different from the information Vanquis had and which it relied on when determining that these limit increases were affordable.

In these circumstances, it's difficult for me to conclude that Vanquis would have determined that Mr W didn't have sufficient funds to make the repayments to the increased credit limits. This is even if it had tried to find out more about his circumstances at this time. And I can't say that Vanquis requesting further information about Mr W's actual living costs, would have clearly shown it that it shouldn't have offered to increase Mr W's credit limit on the four occasions that it did.

I'm also mindful that the regulatory rules permitted Vanquis to place weight on its previous dealing with Mr W and therefore his repayment record on the existing credit advanced as part of its checks. I think that this is important because Mr W was making payments that were well in excess of the minimum payment due. Indeed, Mr W was regularly making payments well in excess of what was needed to clear what could be owed on balances of £1,000.00, £2,000.00, £3,000.00 and then £3,500.00 within a reasonable period, in the lead up to the limit increases being granted.

In these circumstances, Mr W's repayment record in itself suggested that Vanquis was reasonably entitled to believe that Mr W could afford the limit increases. So this isn't a case where I can reasonably say that the limit increases and Mr W's account usage ought reasonably to have shown Vanquis that Mr W's indebtedness, on his credit card, was rapidly increasing in an uncontrollable way, or that the pattern of lending here ought reasonably to have led Vanquis to conclude that the credit card had become demonstrably unsustainable for Mr W either.

Overall, and based on the available evidence I don't find that Mr W's relationship with Vanquis was unfair. I've not been persuaded that Vanquis created unfairness in its relationship with Mr W by irresponsibly lending to him whether when initially agreeing to provide him with a credit card, or in respect of the credit limit increases. I don't find Vanquis treated Mr W unfairly in any other way either based on what I've seen.

So overall and having considered everything, while I can understand Mr W's sentiments and appreciate why he is unhappy, I'm nonetheless not upholding this complaint. I appreciate this will be very disappointing for Mr W. But I hope he'll understand the reasons for my decision and that he'll at least feel his concerns have been listened to.

My final decision

For the reasons I've explained, I'm not upholding Mr W's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 23 March 2026.

Jeshen Narayanan
Ombudsman