

The complaint

Miss J complains that Vanquis Bank Limited irresponsibly lent to her.

What happened

Miss J was approved for a Vanquis credit card in April 2020, with a £1,000 credit limit. The credit limit was increased in June 2021 (to £2,350), and in March 2023 (to £3,000). Miss J says that Vanquis irresponsibly lent to her. Miss J made a complaint to Vanquis, who did not uphold her complaint. Vanquis said that each lending decision was assessed fairly and accurately for the amount of credit being approved. Miss J brought her complaint to our service.

Our investigator did not uphold Miss J's complaint. He said that Vanquis should have made further checks for the last lending decision, but further checks for this lending decision would have shown the lending to be affordable. Miss J asked for an ombudsman to review her complaint. She made a number of points. In summary, she said Vanquis included incorrect debt figures in the final response letter. She said that although our investigator said Vanquis would have seen £7,600 debt at the time of the last lending decision, two different Credit Reference Agencies (CRA's), showed she had debt of £21,138.

Miss J said she was close to her Vanquis credit limit, and she was making minimum payments. She said payments she made prior to the March 2023 credit limit increase were via balance transfers elsewhere.

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.

Firstly, I'm aware that I've only summarised Miss J's complaint points. And I'm not going to respond to every single point made by her. No discourtesy is intended by this. It simply reflects the informal nature of our service as a free alternative to the courts. If there's something I haven't mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point to be able to reach what I think is a fair outcome.

I've considered what Miss J has said about the active debt showing in her final response letter. While the initial lending figure of £19,500 was broadly accurate, based on what the CRA told Vanquis, it appears Vanquis' complaint handler has copied the new credit limit where they should have included the active debt instead. But I'd like to reassure Miss J that the CRA did not tell Vanquis her active unsecured debt was £2,350 at the first credit limit increase, and £3,000 at the final credit limit increase. I will address the active unsecured debt in each section below.

Before agreeing to approve or increase the credit available to Miss J, Vanquis needed to make proportionate checks to determine whether the credit was affordable and sustainable for her. There's no prescribed list of checks a lender should make. But the kind of things I expect lenders to consider include - but are not limited to: the type and amount of credit, the

borrower's income and credit history, the amount and frequency of repayments, as well as the consumer's personal circumstances. I've listed below what checks Vanquis have done and whether I'm persuaded these checks were proportionate.

Acceptance for the Vanquis credit card

The information showed that Miss J declared a gross annual income of £19,000. The CRA that Vanquis used for these checks reported that Miss J had no County Court Judgements (CCJ's), or defaulted accounts.

The CRA reported that Miss J had no active accounts in arrears at the time of the checks, and she had no arrears on any active accounts in the 12 months prior to the application checks, so it didn't appear she had any recent financial difficulty.

The CRA informed Vanquis that Miss J had active unsecured debt of around £19,499, so she would have had an unsecured active debt to declared gross annual income of over 100%, however, I can see that £14,950 of this was from a hire purchase agreement, and the CRA reported the monthly repayment of this debt.

Vanquis asked Miss J for her outgoings. But Vanquis didn't just take Miss J's word for this. They completed an affordability assessment for her. They used information that Miss J had provided, information from a CRA about Miss J's monthly credit commitments, and modelling to estimate Miss J's other outgoings - which is an industry standard way of estimating outgoings.

The affordability assessment showed that Miss J would comfortably be able to afford sustainable repayments for a £1,000 credit limit. Vanquis are not required to request further information such as bank statements from a potential customer for each lending decision they make. This wouldn't be proportionate.

And I'm not persuaded that it would have been proportionate for this lending decision for Vanquis to have made further checks here as Miss J had no recent adverse information on her credit file including current or recent arrears, they gave her an opportunity to declare her outgoings and they also completed an affordability assessment, which showed she would have enough disposable income to make sustainable and affordable repayments for the £1,000 credit limit.

So I'm persuaded that Vanquis' checks were proportionate, and they made a fair lending decision here.

June 2021 credit limit increase - £1,000 to £2,350

The CRA reported that Miss J's active external unsecured debt was £21,306 which was not too dissimilar to the opening account checks.

The CRA reported Miss J hadn't been in arrears on any accounts since her Vanquis account had been opened. Vanquis would have also been able to see how Miss J used her Vanquis account since it had been opened.

Miss J didn't incur any late payment or overlimit charges. But it appears her Vanquis account had exceeded the credit limit in May 2021. While this could be a sign of financial difficulty, it appears to be an oversight here. And Miss J brought her account within the credit limit prior to the credit limit increasing.

I've considered what Miss J has said about making minimum repayments towards her

account, however, the transactions show that Miss J often made much higher repayments than she was required to make. Between January-May 2021, her lowest total monthly repayments were £89.41 in a calendar month, but they were often much more than this. So I wouldn't expect Miss J would be in a position to repay much higher repayments than her minimum requested repayments if she was in financial difficulty prior to this credit limit increase.

In addition to this, Vanquis completed another affordability assessment which showed the repayments for a £2,350 credit limit would be affordable and sustainable for Miss J.

March 2023 credit limit increase - £2,350 to £3,000

I've considered what Miss J has said about making balance transfers from other credit cards. But the transaction data doesn't show that these payments were as a result of a balance transfer, as there are transactions showing as an electronic payment, so I can't fairly say that Vanquis would have been aware these were from balance transfers.

The CRA reported that Miss J's active external unsecured debt was £8,389 which was significantly lower than what it was at the last lending decision checks. While Miss J has told us that her active unsecured debt in March 2023 was at £21,138, I can't hold Vanquis responsible for the information a CRA tells them. But I can see that a CRA reported a special instruction flag, which meant voluntary termination of an account(s). So if a lender had agreed to voluntarily terminate an account of Miss J's, then this could be a reason for the discrepancy of the figures.

But I'm not persuaded that the discrepancy of the total active unsecured debt makes a difference here. I say this because I'm satisfied that Vanquis should have completed further checks prior to increasing this credit limit.

The data shows that Miss J exceeded her credit limit four times since the last lending decision. While these could be oversights, with Miss J not remembering the interest will debit her account at the end of the statement period, it could also be a sign of financial difficulty. In addition to this, Vanquis did not complete an affordability assessment for this lending decision, and the last lending decision was nearly two years earlier than this lending decision.

There's no set way of how Vanquis should have made further proportionate checks. One of the things they could have done was to contact Miss J to ask her what her income and outgoings were and why she had exceeded her credit limit multiple times. Or they could have asked for her bank statements as part of a proportionate check to ensure the lending was sustainable and affordable for her.

I must make Miss J aware that while I'm persuaded that Vanquis should have made further checks, it does not automatically follow that a complaint should be upheld. After all, the crux of the matter is whether Miss J could make affordable and sustainable repayments for a higher credit limit.

I've viewed Miss J's bank statements leading up to this lending decision. Miss J's bank statement dated 24 March 2023 would not have been produced at the time of the lending decision checks, as the credit limit was increased on 17 March 2023. So as my role is impartial I've disregarded this statement.

Miss J's statements do not show her entering an arranged overdraft, and there are no returned direct debits. It would appear that Miss J was making overpayments to at least her Vanquis account, as she repaid more than her minimum requested repayment.

The credit limit increase was £650 here. Miss J made payments to a savings/investment provider a number of times, which suggests she did have disposable income in order to meet affordable and sustainable repayments for a £650 credit limit increase. She also transferred money to another account in her name, and while there were times she transferred some of the money back, she didn't transfer back £145 of this over the two months I looked at.

So if Vanquis would have requested Miss J's bank statements as part of a proportionate check, then I'm persuaded that they still would have increased the credit limit by £650 to £3,000. And I'm persuaded that Vanquis made a fair lending decision here.

I've also considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I can't conclude that Vanquis lent irresponsibly to Miss J or otherwise treated her unfairly in relation to this matter. I haven't seen anything to suggest that Section 140A would, given the facts of this complaint, lead to a different outcome here.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss J to accept or reject my decision before 11 March 2026.

Gregory Sloanes
Ombudsman