

The complaint

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

What happened

Miss S was approved for a Vanquis credit card in April 2025, with a £3,000 credit limit. Miss S says that Vanquis irresponsibly lent to her. Miss S made a complaint to Vanquis, who did not uphold her complaint. They said their decision to lend was fair and accurate for the amount they lent. Miss S brought her complaint to our service.

Our investigator upheld Miss S' complaint. He said that Vanquis' checks showed Miss S did not have enough disposable income to make affordable and sustainable repayments for a £3,000 credit limit, and she had three active accounts in an arrangement to pay at the time of the checks.

Vanquis asked for an ombudsman to review the complaint. They said their affordability assessment did show that Miss S had enough disposable income to make sustainable repayments for a £3,000 credit limit.

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.

Before agreeing to approve the credit available to Miss S, 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.

I agree with Vanquis that their affordability assessment did show Miss S had enough disposable income to afford to make sustainable repayments for a £3,000 credit limit.

But despite the affordability assessment results, there were clear signs that Vanquis should not have provided the credit for Miss S. The data shows that three accounts, a personal loan, a mail order account, and a public utility account were all in an arrangement to pay.

An arrangement to pay usually occurs when a borrower can't afford to pay their contractual repayments. So given the arrangement to pay on the accounts, I'm not persuaded that Miss S had the affordability to sustainably make repayments to the Vanquis credit card. An expectation would be that if Miss S did have disposable income, that she would be able to return to her contractual payments on her existing debt first, before committing to more unsecured debt with third party lenders.

I would not expect an arrangement to pay marker to show on the lending checks at the time,

if this was historical, as the last 12 months history is shown on Vanquis' checks. An arrangement to pay would be reported as such on a credit file, instead of arrears increasing each month on a credit file (for example 1, 2, 3 etc). So I don't find it unusual for Miss S to be in an arrangement to pay, yet the status to still show as "0".

And it appears one of the accounts was dormant until nine months prior to the lending checks, so again, if the account was dormant, Miss S wouldn't have been on an arrangement to pay, as I wouldn't expect an outstanding balance if an account was dormant.

In addition to this, one of Miss S' other active accounts, which isn't on an arrangement to pay was over the credit limit at the time of the checks, indicating that Miss S' financial difficulties weren't historic, and they were current.

And while I'm persuaded that Vanquis had enough data to show they shouldn't have approved a £3,000 credit limit, Miss S has also provided our service with her last bank statement prior to this lending decision.

While I don't think it would have been proportionate for Vanquis to have requested bank statements from Miss S, I will share my findings here on the statement Miss S sent us, to evidence that Miss S' financial difficulties weren't historic.

Miss S' overdraft is for £700. She often goes right up to her £700 overdraft limit. But there are multiple credits into her account from an individual who has the same surname as Miss S. Some have references of "food" and some have references "od" (likely to be overdraft). So it would appear that Miss S was needing to borrow money from a family member.

The statement showed a gas payment was for £10.08, which is less than I would expect a gas payment to be – supporting that she was on an arrangement to pay like the data showed, and the statement showed a payment to a loan company of £114 (which appears to be the payment which is reflected as a normal repayment of £214 on Vanquis' checks), which again supports the arrangement to pay was current. So I can't conclude 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, I'm satisfied the redress I have directed at the end of this decision results in fair compensation for Miss 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.

Putting things right

Our investigator has suggested that Vanquis takes the actions detailed below, which I think is reasonable in the circumstances. In addition to this, if Vanquis do not own the debt anymore for the account, then they should also transfer any debt back to themselves if it has been passed to a debt recovery agent or liaise with them to ensure the redress set out below is carried out promptly.

My final decision

I uphold this complaint. Vanquis Bank Limited should take the following actions:

Vanquis should arrange to transfer any debt back to themselves if it has been passed to a debt recovery agent or liaise with them to ensure the redress set out below is carried out promptly;

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 Miss 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 Miss S for the remaining amount. Once Miss S has cleared the balance, any adverse information in relation to the account should be removed from her credit file.

**If Vanquis consider that they are required by HM Revenue & Customs to deduct income tax from that interest, they should tell Miss S how much they've taken off. They should also give Miss S a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.*

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 13 March 2026.

Gregory Sloanes
Ombudsman