

## **The complaint**

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

## **What happened**

Miss L was approved for a Vanquis credit card in August 2025, with a £3,000 credit limit. Miss L says that this was irresponsibly lent to her. Miss L made a complaint to Vanquis, who did not uphold her complaint. Vanquis said that their decision was assessed fairly, and accurately for the amount of credit they provided. Miss L brought her complaint to our service.

Our investigator upheld Miss L's complaint. He said that he didn't believe repayments on this account would be affordable based on the affordability assessment Vanquis completed and due to the number of credit agreements that Miss L had recently opened.

Vanquis asked for an ombudsman to review the complaint. They said that their affordability assessment showed that even after Miss L would make a reasonable repayment for this account, and considering her other outgoings, and she had a dependant, there would be £214 a month disposable income, so they said the lending and the checks performed prior to it were responsible and proportionate.

## **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 L, 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 L had enough disposable income make sustainable and affordable repayments for a £3,000 credit limit.

But despite the affordability assessment results, there were clear signs that Vanquis should have made further checks into whether the lending was affordable and sustainable for Miss L.

I say this as while there were no defaulted accounts or County Court Judgements (CCJ's), being reported by the Credit Reference Agency (CRA) that Vanquis used, Miss L had a relatively high active unsecured debt to declared gross annual income ratio (68.4%). Her active unsecured debt was showing as being around £26,042, and her declared gross annual income was £38,100.

But the checks showed that despite the lending decision being in August of 2025, Miss L had already opened 13 agreements in 2025 alone. At the time of the checks Miss L had seven of these agreements still open. So this could indicate that Miss L had a reliance on borrowing to meet her priority outgoings. So I'm persuaded that due to this, Vanquis should have completed further checks to ensure the repayments for the £3,000 credit limit would be affordable and sustainable for Miss L.

I must make Miss L aware that while taking a number of credit agreements in a short period of time might be an indication of financial difficulty, it does not automatically follow that a complaint should be upheld on her taking out another credit agreement, with Vanquis. The crux of the issue is would the repayments on the new credit limit be affordable and sustainable for her if all of the credit was used instantly.

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 L to ask her why she had already taken out a number of credit agreements in 2025, and to ensure the repayments would be affordable and sustainable for her. 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.

Miss L has provided her bank statements leading up to this lending decision. There are signs of financial difficulty present. I say this because not only is there new lending which is reflected on Vanquis' checks, but there is also new lending which isn't showing on Vanquis' checks. While I can't hold Vanquis responsible for information a CRA gave to them, if they would have made further checks, then I'm persuaded that they would have been aware of the new lending given to Miss L of £800 on 18 July 2025.

The lender is a short term lender, who's website advertises a representative interest rate of 1,267.9%. I have also used an internet archive website, which shows that on 16 July 2025 (two days before this payment credited the account) the interest rate was the same as it is currently showing.

I can see that the first card payment Miss L made to this provider was for £226.84. So if Vanquis' affordability assessment figures were accurate, then this would have eliminated all of the £214 disposable monthly income they believed Miss L had. I can also confirm to Vanquis that this £800 did not go towards repayment of any other credit agreement which would have reduced her monthly repayments.

But £530 of it went to a different individual with the reference "*Monies Owed*", and £260 of it went to another account which appears to be in Miss L's name, but Miss L has explained she has an account in her sons name, so it's likely she is a named adult if her son isn't old enough to operate the account on his own. I can confirm there was a different person named on the reference (which I obviously won't name here to protect identities).

There were a number of Buy Now Pay Later (BNPL) payments Miss L made, which could also suggest she was having to spread the cost of repayments as she didn't have the regular income to buy things outright.

So not only did it appear that Miss L was borrowing from high cost lenders, but from friends and family also, which these also wouldn't be showing on her credit file, but would have been apparent if Vanquis would have made further checks.

So if Vanquis would have made further checks, then I'm persuaded that they would have been aware of Miss L's unsustainable borrowing from family and friends, and a new short term lender, and they would not approve a £3,000 credit limit as the repayments would not appear affordable and sustainable for Miss L. So I can't conclude that Vanquis made a fair

lending decision.

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 L 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 L 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 L for the remaining amount. Once Miss L 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 L how much they've taken off. They should also give Miss L 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 L to accept or reject my decision before 17 March 2026.

Gregory Sloanes  
**Ombudsman**