

complaint

Mr C complains Vanquis Bank Limited increased his credit card limit irresponsibly.

background

Mr C took a Vanquis credit card in 2012 and was given a limit of £1,000. This limit was increased in March 2013 to £2,000 and again in December 2013 to £3,000. Mr C has said he was always at the limit, or over the limit of his card, and had a lot of other debt elsewhere at the time. He believes it was irresponsible of Vanquis to keep increasing his credit limit. He complained to Vanquis about this.

Vanquis didn't uphold Mr C's complaint. It said it had carried out checks each time it had increased Mr C's credit limit and these checks revealed nothing that would suggest the increases would be unaffordable. It also pointed out Mr C had maintained his payments throughout and had regularly made more than the minimum payment.

Unhappy with this response, Mr C brought his complaint to this service where one of our investigators looked into it. He didn't think Vanquis had increased Mr C's limit unfairly. Mr C didn't agree and asked for an ombudsman to review his complaint. So it's been passed to me to consider.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

The terms and conditions of Mr C's credit card allow Vanquis to increase his credit limit provided it gives him enough notice. But if it wants to do this, I'd expect it to carry out checks to make sure any increase would be affordable to Mr C.

Vanquis has told us it carried out a number of checks before increasing Mr C's credit limit which included running a credit check and reviewing his account conduct. It says these checks revealed very little debt elsewhere other than his mortgage. And based on his salary and account conduct, it felt the credit limit increases were affordable each time.

Mr C has told us he had a number of payday loans at the time of his credit card application. I've seen a copy of Mr C's credit file and there are no payday loans showing on there at the time his credit limit was increased. So it's likely Vanquis wasn't aware of these loans. Mr C has provided us a list of the payday loans he said he had at the time of the increases. Based on this, I can see that he took a payday loan for small amounts quite regularly. But it seems it was only one per month, which was then repaid the following month. And there were a number of months where he didn't have a payday loan. As I've said, I think it's unlikely Vanquis was aware that Mr C had any payday loans when it increased his credit card limit. But even if it had been aware, I don't think these loans would've been a reason Vanquis should've deemed the credit limit increases unaffordable.

I can see that Mr C was regularly near, and sometimes over, his credit limit when Vanquis increased his limit. But using the card to its limit doesn't necessarily mean it was unaffordable. As Vanquis has rightly pointed out, Mr C always made his payments on time. And he regularly paid much more than the minimum payment. He didn't go over his credit limit by a large amount at any point and always brought it within the limit once he made the monthly payment. Again, I don't think this was enough for Vanquis to conclude that these increases were unaffordable.

It's also important to note that Mr C did maintain his monthly payments, even after the credit limit increases. Mr C says this is because the payment was due the day he was paid so he had the funds available. But I can't see he got in touch with Vanquis to let it know he was having any kind of financial difficulty.

Vanquis wrote to Mr C each time it was willing to increase his credit limit. And it explained within these letters what Mr C needed to do if he didn't want this increase. There was no obligation for Mr C to accept the increase but he chose to and chose to use the borrowing available.

Having considered everything, I haven't seen anything to make me think these credit card limit increases were unaffordable to Mr C, nor that Vanquis lent to him irresponsibly.

my final decision

My final decision is I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 26 October 2018.

Rob Deadman
ombudsman