

complaint

Mr H complains that Vanquis Bank Limited irresponsibly allowed him to open a credit card account that was unaffordable.

background

Mr H says he was offered a Vanquis credit card in 2016 that was unaffordable. He says at the time he had two County Court Judgements (CCJ's) recorded on his credit file and debts of about £4,500 and was struggling financially. Mr H says the lending was irresponsible and would like all interest and fees refunded along with 8% interest.

Vanquis says the lending was appropriate and not irresponsible. It says the account was opened in November 2016 and Mr H declared an income of £25,000 a year and a household income that he had access to of £48,000. Vanquis says one CCJ was recorded over a year before the application and a default was recorded on Mr H's credit file again over a year before. It says it allowed a credit limit of £500 and that Mr H managed his account appropriately but it will speak to Mr H if he is in financial difficulties.

Mr H brought his complaint to us but our investigator didn't uphold it. The investigator thought Vanquis had fairly considered that the CCJ and default were both over a year before the credit card application. And that Mr H had access to a household income of £48,000. The investigator thought Mr H had managed his account well and kept up with required payments.

Mr H disagreed with that view and so the investigator looked at the complaint again. The investigator came to the same overall view that the lending was not irresponsible or unaffordable.

Mr H doesn't accept that view and says he shouldn't have been given credit by Vanquis.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Having done so I've come to the same overall view as the investigator for similar reasons. I accept Mr H will be disappointed by my decision.

I have looked at Mr H's application and can see that he declared an income of £25,000 with access to a total household income of £48,000. I'm satisfied that Vanquis carried out appropriate and reasonable credit checks on the application and fairly concluded that the relatively modest lending of £500 was affordable.

I appreciate that Mr H had adverse information recorded on his credit file but I can see that Vanquis took that information into consideration. And I can see that the adverse information was over 12 months old at the time of this application. So I don't think Vanquis made a mistake or acted unfairly by concluding that it was appropriate to lend in these circumstances.

I have looked at Mr H's account statements following the decision to lend. If the lending was unaffordable then I would have expected to have found evidence of that in those statements. But I'm satisfied the account was relatively well run and that Mr H on the whole made the

required monthly payments. So I also think that provides evidence that the lending was affordable and not irresponsible.

Overall I'm satisfied that Vanquis fairly and reasonably considered Mr H's credit application and his past credit history and that the lending of £500 was relatively low in relation to Mr H's household income. So I can't fairly conclude the lending was unaffordable or irresponsible. And it follows that I can't order Vanquis to refund charges and interest as Mr H would like. I can see that Vanquis has provided details of its specialist debt team to Mr H and no doubt he will consider contacting that team to discuss his position and options.

my final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 30 January 2020.

David Singh
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