

complaint

Mr G complains that Vanquis Bank Limited ("Vanquis") acted irresponsibly when it allowed him a credit card which was unaffordable and then increased his limit. He would like Vanquis to refund all interest and late payment charges on the account and clear related adverse information from his credit file.

background

Mr G applied for a credit card which was opened in June 2010. He says Vanquis should not have allowed him to open the account as he had multiple late payments to a number of creditors, multiple returned direct debits, a default marker on his credit file and a gambling addiction.

Between April 2011 and February 2012, the limit was increased three times on the card – from £250 to £2500. But Mr G says that on any analysis of his finances, this was irresponsible.

Vanquis says that it used a credit scoring process to assess Mr G's ability to pay and his application was assessed using the information given at the time. It says that Mr G had confirmed in his application that he was employed full time and had a household income of over £34,000 per year and, excluding mortgage lending, had an outstanding debt of around £100 which was within the levels set by its lending policy. Its internal reviews showed no defaulted payments.

When Vanquis did not uphold his complaint, Mr G came to this service and asked our investigator to look into matters for him.

But our investigator did not think she could ask Vanquis to do anymore either – so Mr G made further submissions and asked that an ombudsman consider his complaint.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint but based on what I have seen, I cannot fairly ask Vanquis to reimburse any fees and charges to Mr G.

Before lending to a customer, we expect businesses to perform some checks to ensure that the money can be repaid. We, as a service, do not set which checks need to be carried out – this is for a lender to decide. But we do expect them to be able to show that they carried out reasonable and proportionate checks in the circumstances.

In Mr G's case, he says that his financial difficulties would have been clear for any lender to see. He was using numerous short term lenders, had numerous applications refused (evidenced by the number of searches on his credit file), had a recorded default and went over his limit on his Vanquis card on four occasions.

Vanquis did not consider Mr G's credit file – it relied on a credit scoring process and also considered the way Mr G had run his account before increasing his limit.

Generally speaking, Mr G ran his account well. The four occasions where he spent over his credit limit were rectified the following month with a relatively large amount and the over

spend was never more than £20. So, I cannot see anything to alert Vanquis to his financial problems by this alone.

If Vanquis had considered Mr G's credit file at the time, I accept it would have seen a number of short term loans and a number of searches by third party companies. But any loan which was successful was also paid back. The only default I can see on the historic credit file provided by Mr G is one dating back to 2006.

Vanquis says it made the increases on the account in line with its terms and conditions. The last increase was in February 2012 when the account showed erratic usage. And Mr G did not inform Vanquis of his addiction until April 2017.

I think the checks which were carried out before the increases were reasonable and proportionate in the circumstances so I cannot see anything to suggest that Vanquis should do anymore in that regards. However, I would expect that it respond positively and sympathetically to Mr G's submissions of financial difficulties.

my final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 19 April 2018.

Shazia Ahmed
ombudsman