

complaint

Mr A complains that Vanquis Bank Limited kept increasing the credit limit on his account when he couldn't afford it. He says that this was irresponsible lending.

background

Mr A had a credit card with Vanquis over a number of years. Over time, Vanquis increased his credit limit on several occasions. In his complaint, Mr A says that he was experiencing financial difficulty at the time which was made worse by Vanquis increasing his credit limits.

He believes that this was irresponsible of Vanquis, and he wants them to refund all the additional interest that he has paid in the six years before he complained to Vanquis.

Vanquis rejected Mr A's complaint. They explained that they checked Mr A's credit file each time they increased his limit and there was nothing there to indicate that Mr A had any affordability issues. Further, Mr A had made the minimum payments every month, in full and on time. He also made some additional payments. Vanquis say that this all suggests that he was not experiencing financial difficulty at the time.

For that reason, Vanquis did not think that they had done anything wrong.

Our adjudicator thought that the complaint shouldn't be upheld. He said that Vanquis had made it clear in the letters that were sent to Mr A that he could reject the increase if he wanted. Further, he thought that the checks that Vanquis had done were reasonable and proportionate and, given that Mr A seemed to be managing his account well, there was no reason for them to think that he was in financial difficulty.

Mr A didn't agree with this. He thought that they hadn't taken account of the affordability of the increases, especially as he was always close to his credit limit. He also thought that as he was only making the minimum payments then Vanquis should have done more affordability checks.

For that reason, the complaint has come to me to decide.

my findings

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

What I have to decide is whether Vanquis's decision to increase the credit limit was reasonable, or whether they should have done further checks to ensure that Mr A could afford this. I believe that Vanquis have acted fairly here and I'll explain why.

Before increasing the credit limit, Vanquis have said that they ran credit checks each time. This showed that there was no conclusive evidence of a poor history such as previous defaults on borrowing or any outstanding County Court Judgements. I've also looked at Mr A's credit report and I can't see any information on there to suggest he was experiencing any financial problems during this period. And there's no evidence that Mr A ever raised any concerns with Vanquis about his financial position.

I've seen that Vanquis also sent Mr A a letter each time which gave him the opportunity to speak to them if he didn't want the increase, but Mr A never did so.

Looking at this, and that he was making the minimum payments when he was supposed to (and even sometimes paying off more), I don't think that Vanquis had any reason to think that Mr A was suffering from any financial difficulty. He was running the account in accordance with the Terms and Conditions and, while he may have been close to the limit sometimes, there's no indication he couldn't afford his contractual payments.

Taking all this into account, there's not enough evidence here for me to say that Vanquis have done anything wrong. I know that Mr A will be disappointed by this, but I won't be telling Vanquis to repay any of the interest.

my final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 14 July 2019.

Dan Bunting
ombudsman