

complaint

Mr S complains that Vanquis Bank Limited was irresponsible when it opened a credit card account for him and then increased the credit limit.

background

Mr S opened a credit card account with Vanquis in March 2011. It then increased the limit even though he says he'd missed many monthly payments. He thinks if it'd done the proper credit checks at the time it would've seen the numerous payday loans he'd had. And it would've seen his gambling transactions. He's says he's now in a debt spiral.

The adjudicator explained this Service couldn't look into his complaint about when he opened his card account because that was more than six years ago. But she said she could look at the circumstances around when Vanquis increased his credit limit at the end of 2012. When she did that she didn't think Vanquis had done anything wrong. Although Mr S had occasionally gone over his credit limit it wasn't by an excessive amount. He was making his monthly payments on time and often he paid more than the minimum required. And there weren't any gambling transactions in the months before the credit limit increase. She couldn't see any adverse information that would've been available to Vanquis when it undertook its credit checks. And any payday lending seemed to be after Vanquis had offered him the increase.

Mr S didn't agree with this. He said Vanquis didn't take all factors into account when it increased his credit limit. He had payday loans he was struggling with. And he kept going over the original limit Vanquis had set.

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 conclusion as the adjudicator for very similar reasons.

The adjudicator was right when she said we couldn't look at Mr S's complaint about Vanquis opening his credit card account in 2011. We have to follow rules which have been set by the Financial Conduct Authority. Those rules mean we can't consider complaints that are made more than six years after the date of the event complained about. And we can't consider the complaint if it's made more than three years after the date on which Mr S realised (or ought reasonably to have become aware) there was a problem so he had cause for complaint.

People are generally aware they can complain about goods or services when things go wrong. So I think that by the time Vanquis froze the charges and interest towards the end of 2013 Mr S should've reasonably been aware there was a problem and that he had cause to complain. So according to our rules, he's out of time.

I can consider complaints outside those time limits if there are any exceptional circumstances. The test for exceptional circumstances means I have to be satisfied there are circumstances which prevented Mr S from making a complaint in time. And I don't have sufficient evidence to make that finding.

But Vanquis increased Mr S's credit limit towards the end of 2012 and I'm satisfied that's within the six year time limit so we can look at whether Vanquis was irresponsible to do this.

Irresponsible lending is not just about whether Mr S could afford to repay the credit or not – it's whether there's another reason he shouldn't have had the credit. This will depend on his personal circumstances. And it could be irresponsible to lend money to someone who is in a debt spiral because they are borrowing money to repay other loans.

Mr S said Vanquis didn't take all the factors into account. And as the adjudicator explained, there is limited information in the credit record he gave us. But I can't see anything in his credit card account history that would've concerned Vanquis. Mr S did go above his credit limit a few times. But not by so much that should've alerted Vanquis to any financial difficulties. Particularly as he often paid more than the minimum payment. And he's confirmed that any gambling transactions were on his personal bank account. So I'm satisfied Vanquis carried out all the checks we would expect and these showed he could afford to meet any increased minimum monthly repayments after the credit limit increase.

I know Mr S will be disappointed with my decision but I don't think Vanquis was irresponsible when it increased his credit limit towards the end of 2012.

my final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 7 February 2019.

Linda Freestone
ombudsman