

complaint

Mr I complains that Vanquis Bank Limited was irresponsible when it kept increasing his credit limit on his credit card account.

background

Mr I applied to open a credit card account in January 2011. Vanquis opened it with a credit limit of £250 but increased the limit several times.

Vanquis said that when Mr I applied to open his account he passed its credit scoring process and assessment. So it didn't think it was being irresponsible to open the account and set the original credit limit. Prior to November 2014 Mr I paid the minimum payment in full and on time. And sometimes he made payments in excess of the minimum required. So it didn't think it was being irresponsible when it increased his credit limit in stages to £3000 by July 2012. And it thought the increased credit limits were affordable.

Our investigator didn't recommend the complaint should be upheld. She didn't think Vanquis was wrong to open the account and to increase the limit. She looked carefully at the history of Mr I's account and whilst there were occasions when his account went over the limit she could see that he was able to keep up the minimum payments. And there were times when he made more than the required minimum payment. So she didn't think it'd done anything wrong.

Mr I didn't agree with her assessment. He said he'd had a substantial number of payday loans during the period of time Vanquis was increasing his credit limit and so it should've realised it was irresponsible to let him have any more credit. Other factors such as his account being close to or exceeding the credit limit during its history, and the defaults on his credit record, should've alerted Vanquis to his financial position.

my findings

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

Lenders have different policies for assessing the risk they take when lending money to consumers. And some may lend to a customer if they have payday loans or defaults on their credit record. But that's not a decision we can interfere with. The rules under which we were set up don't allow us to do that.

Vanquis assessed all the information it had at the time Mr I applied to open his account. And I haven't seen anything that would lead me to conclude it made a mistake in the information Mr I gave it. Based on that assessment and its lending policies it opened his account with a £250 credit limit. So I can't fairly find that decision was irresponsible.

Although he spent up to and sometimes over his credit limit it seems that Mr I was able to make the required minimum payment during the time Nationwide increased his credit limit in stages to £3,000. And occasionally he paid more than the required amount. So it seems to me that Vanquis wasn't being irresponsible when it increased Mr I's credit limit.

I know Mr I will be disappointed with my decision but for the reasons I've given I don't think Vanquis has done anything wrong.

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 I to accept or reject my decision before 4 September 2017.

Linda Freestone
ombudsman