

complaint

Mr H complains that Vanquis Bank Limited ("Vanquis") irresponsibly increased his credit limit when the lending was unaffordable.

background

Mr H opened a credit card account with Vanquis in March 2015. Vanquis opened the account with a credit limit of £500. Vanquis offered to increase the credit limit on the account in May and October 2016 so that the available credit was increased to £2500.

Mr H hadn't asked for any increases. He complains the increases were irresponsible as his account was near to its limit when the increases were made and he was also relying on payday loans. He thinks that Vanquis should waive the balance on the account.

Vanquis said that when Mr H 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 May 2017 Vanquis says Mr H always paid the minimum payment in full and on time. And sometimes he made payments in excess of the minimum required. Vanquis didn't think it was being irresponsible when it increased his credit limit in stages to £2500 by October 2016. Vanquis said it'd written to Mr H to give him 30 days' notice of the increase, and told him that he could cancel the increase if he didn't want it. Instead he'd made full use of the increases. So it didn't agree to refund any interest or charges.

Vanquis says it first became aware of Mr H's financial difficulties in May 2017 and tried to contact him but when this failed it sent him an income and expenditure form to complete.

The form was returned at the beginning of June and a repayment plan was agreed verbally but not confirmed in writing until mid June and Vanquis accepted that this was not satisfactory and refunded Mr H £72.42 being the interest for that month.

Our adjudicator was of the opinion that Vanquis had acted reasonably. It was within Vanquis's terms and conditions that increases to the credit limit could be made and it had provided the required notice to Mr H. Our adjudicator also felt that Vanquis had acted reasonably in refunding interest when there was a delay in confirming the repayment plan.

Mr H disagreed with the adjudicator's decision as he says Vanquis should have checked his credit file and if it had done so, it would have seen that he had a number of payday loans and had increasing debts. He asked for an ombudsman decision.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. I know it will come as a disappointment to Mr H but I will not be upholding his claim. Let me explain why.

Vanquis assessed all the information it had at the time Mr H applied to open his account. Based on that assessment and its lending policies it opened his account with a £500 credit limit. And I haven't seen anything that would lead me to conclude it made a mistake. So I can't fairly find that decision was irresponsible.

Although he spent up to his credit limit it seems that Mr H was able to make the required minimum payment during the time Vanquis increased his credit limit in stages to £2,500. And on many occasions he paid more than the required amount. So it seems to me that Vanquis wasn't being irresponsible when it increased Mr H's credit limit.

On each occasion it increased the credit limit it gave Mr H the opportunity to refuse the increase but he did not. Mr H used the increased limit and had the benefit of the money. He continued to make the minimum repayments and it was not until May 2017 that Vanquis was aware he was in financial difficulties. If Mr H was having financial difficulties he could have contacted Vanquis prior to May 2017 to discuss this with them but he did not.

When Vanquis was told Mr H was having financial difficulties it sent him an income and expenditure form to complete and this was returned by Mr H on 7 June and discussed with Vanquis on 8 June and a repayment plan was agreed. Vanquis did delay in confirming the repayment plan and wrote to Mr H on 19 June. It apologised for the delay and refunded the interest for that month being £72.42 and I find that this was reasonable in the circumstances.

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 H to accept or reject my decision before 9 October 2017.

Geraldine O'Donnell
ombudsman