

## **complaint**

Miss C is unhappy Vanquis Bank Limited kept increasing the credit limit on her account when she couldn't afford it. She says this was irresponsible lending. Miss C wants the interest to be refunded and/or the balance on the account to be written off.

## **background**

Miss C complained to this Service. She said Vanquis had been increasing her credit limit in an irresponsible manner when she could not afford it. The increases were made by text rather than by letter and she doesn't think she was given the option not to accept the increases.

She says she had only been making minimum payments on the account and was always using a high level of the credit limit. She feels most of her repayments were used to pay off the interest only. She adds Vanquis should have realised she couldn't pay off her balance in full within a reasonable length of time, so it shouldn't have increased her credit limit.

Miss C wants a refund of all purchase/debit interest and/or to write off the balance on the account.

Vanquis rejected Miss C's complaint. It said it carried out credit checks to assess her credit score when it considered each application to increase the credit limit; it noted Miss C had paid the outstanding balance in 2012 and had made the minimum credit card repayments in full and on time by 2013, 2015 and 2016. Its searches did not show any county court judgments and it said any debts Miss C did have were not at unreasonable levels. It offered to put a block on Miss C's account to prevent any further spending on it if she was in financial difficulty.

Our adjudicator thought the complaint should not be upheld; she said Vanquis made it clear in letters that Miss C could opt out of the increased limits; Miss C requested a credit limit increase and had queried why a later increase hadn't been implemented. Our adjudicator also thought Vanquis wasn't aware of Miss C's financial difficulties and that Vanquis carried out proportionate credit checks before each credit limit increase.

Miss C disagreed with our adjudicator's view and asked for the matter to be looked at again. She added the following points:

- even though it appeared she wasn't struggling financially, she was;
- she read online that businesses keep increasing the credit limits even when consumers are at the top of the limit;
- she says she could pay the debt at first but there came a point when she couldn't.

## **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 that, I've decided not to uphold Miss C's complaint. I know this will be a disappointing result so I will explain why.

In very general terms about irresponsible lending, creditors shouldn't mislead consumers, or use oppressive behaviour to sell its products. It should make a reasonable assessment to see if a customer can afford the repayments, it should explain the key features of the agreement, monitor the customer's payment record, offer assistance wherever necessary. And treat each customer positively and sympathetically if the customer tells the business he/she is in financial difficulty.

I think it's very likely Vanquis would've carried out some sort of credit check each time before it increased Miss C's credit limit. And I can see no evidence that Vanquis didn't carry out a check to see if Miss C could afford the credit repayments. In any event, if there was no conclusive evidence of a poor credit record, a history of missed payments or county court judgments – which Vanquis said happened here - I think it's likely Miss C would've passed Vanquis' internal credit lending processes. So I don't think Vanquis did anything wrong here.

Vanquis also produced a sample of the credit limit increase letter which Miss C would have received. It clearly gives the consumer an option to refuse the credit limit increase by calling its Quick Call number. Miss C said she did not get any letters – but I also listened to telephone call recordings and in one of them, she said she had received a letter telling her the credit limit was to be increased to £1,000.00. Miss C asked us to look at her text messages from Vanquis but having read them, I can see they do not deal with the increased credit limit - so I won't be relying on the text messages in this decision. I think Miss C probably did receive the credit limit increase letters and I think she had the option to refuse each increase. So I don't think Vanquis did anything wrong here.

I would also expect Vanquis to treat Miss C positively and sympathetically if Miss C told it she was in financial difficulty. Miss C has said that although her finances looked in order, she was struggling financially but I haven't seen any further evidence from Vanquis or Miss C confirming that she told Vanquis about her financial difficulties until this complaint was made. Miss C suggests Vanquis should have realised much earlier that she was vulnerable because she was only paying the minimum monthly repayment, she was running the account towards the top of the credit limit and unable to settle the debt within a reasonable time.

However, I've looked at the terms and conditions of the credit account and a consumer is allowed to make minimum monthly repayments and is allowed to run the credit to the credit limit; if the account exceeds the credit limit, the debt will attract interest. So as I don't think Vanquis was specifically told Miss C was in financial difficulty and as her payment record looked in line with the terms and conditions, I don't think there's enough evidence here to make me think Vanquis did anything wrong.

Taking everything into account, I don't think Vanquis did anything wrong here. So I'm not going to uphold this complaint.

### **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 Miss C to accept or reject my decision before 3 October 2018.

Amrit Mangra

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