

## **complaint**

Miss E says Vanquis Bank Limited ('Vanquis Bank') shouldn't have approved her for a credit card. And she also thinks it failed to support her when she was having trouble making payments.

## **background**

In November 2015 Vanquis approved Miss E for a credit card with a £500 limit. Miss E spent this limit very quickly, and then had difficulty making the scheduled payments to her account.

Vanquis offered a repayment plan which didn't work out, so it closed the account and sent it to collections. It then sold the account to a third party.

Miss E says she isn't in a position to pay back what she owes. She says she is suffering from health issues because of her money troubles.

Our investigator didn't uphold the complaint. In summary, she thought Vanquis had acted reasonably in giving Miss E the card in light of the checks it did when she made the application.

Miss E says she doesn't agree with the investigator's decision and would like things looked at by an ombudsman.

I issued a provisional decision on this case on 16 August 2018. In that I didn't uphold Miss E's complaint and said:

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

*the decision to lend*

*In this case I have taken into account The Financial Conduct Authority's Consumer Credit sourcebook ("CONC") which sets out what a lender should do before agreeing to give credit. In summary, Vanquis needed to assess whether Miss E was able to repay the lending in a sustainable way, without it causing her further money troubles or other significant problems.*

*The checks which Vanquis carried out needed to be reasonable and proportionate in relation to factors such as the type and amount of credit, the repayments, what Vanquis already knew about Miss E and the information she provided.*

*In this case Vanquis provided Miss E with a credit card limit of £500. And her first monthly payment (after she spent almost all of that) was about £23.*

*As part of the application Vanquis called Miss E. I have listened to the call and during it Miss E confirmed she was employed full time and her wages were £33,000. She also confirmed other additional income of £7,896. She said she was happy to make an application based on a household income of £40,896. She also confirmed she did not know of any changes to her circumstances in the immediate future.*

*Vanquis also carried out a credit search and it has provided this service with the results. This showed adverse information in the form of a historical default and County Court Judgement. However, I note by the time of application the default was about two years old, and the County Court Judgement was about three years old.*

*Miss E has described her health difficulties. I'm very sorry to hear about these and hope things improve. But I have nothing to suggest Vanquis would've known about these at the time of lending. And even if it did, I don't think it would've been a reason in itself not to lend to her.*

*I've thought about the total amount of credit available, the monthly repayments, what Vanquis knew about Miss E, and the checks it carried out. I accept there was some adverse information on her credit file when she applied for the card. But I also note that it was 2-3 years old. Considering this along with the relatively low credit limit offered, low monthly payments and her declared income I don't think it was necessary for Vanquis to carry out more checks before lending here. It follows that I don't think Vanquis was acting irresponsibly in lending to Miss E in this particular case.*

*Although Miss E has referred to Vanquis increasing her credit limit I can't see where it did this. So I won't be considering that here.*

*help with financial difficulty*

*From looking at the account statements I can see Miss E was missing payments over the first four months which cost her extra fees and charges. I can see she then made a payment to her April 2016 bill. She told Vanquis she had forgotten to pay. Vanquis then waived and refunded some previous late payment and over-limit fees.*

*Miss E then missed the next few payments (incurring extra fees and charges). Vanquis waived another over-limit fee in July. Then in August Miss E informed it she was in financial difficulties due to poor health and low income. Vanquis asked her how much she could afford to pay each month and she said £25. Vanquis offered her a 3 month repayment plan for that amount and it reduced her interest rate. This seems like a broadly positive and sympathetic approach toward Miss E's difficulties at the time.*

*Miss E was unable to keep to the payment plan so the account was passed to collections. Considering the history of missed payments on the account, this in itself doesn't seem unfair. I don't think it was ideal for Vanquis to apply another late payment charge of £12 when Miss E was in the payment plan and missed a payment. While an interest rate reduction was a positive step I think adding another £12 charge on top of the interest was not necessarily so (particularly as the account was moved to collections shortly after anyway). But I've also considered this in light of the previous refunds of fees and charges which Vanquis did to help Miss E – so I won't be asking it to do more in this case.*

*I understand that Miss E's account has now been sold to a third party. I'm not looking at how that third party has acted as this complaint is about Vanquis. If Miss E is having difficulty repaying the balance she should contact the third party which now owns the debt. It needs to be positive and sympathetic to her situation. And if she is not happy with the way it responds she might wish to take that further.*

I asked both parties for their comments.

Vanquis said it didn't have anything further to add. Miss E said she does not agree with my 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.

Neither Miss E nor Vanquis have added anything which persuades me to depart from my original findings (as shown above). Therefore, I am not going to uphold this complaint for the same reasons I gave in my provisional decision.

### **my final decision**

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss E to accept or reject my decision before 24 October 2018.

Mark Lancod  
**ombudsman**