

complaint

Mr W complains Vanquis Bank Limited acted irresponsibly when it gave him a credit facility.

background

Mr W is unhappy Vanquis gave him a credit card account when he had an IVA. And Vanquis was irresponsible when it kept increasing his credit limit. So he wants the loan writing off.

Vanquis said it'd taken Mr W's circumstances into account when it'd offered the increases. It'd looked at Mr W's credit stability and his ability to pay. Vanquis said it offered credit to individuals who might struggle to obtain credit elsewhere. So Vanquis wouldn't normally decline an application or a credit increase just because of moderate levels of debt or poor behaviour in the past.

Mr W wasn't satisfied with Vanquis' response. So he contacted our service and our adjudicator looked into the matter. She explained she wasn't able to look at what had happened when Mr W took out the credit card. But she could look at the credit increases since January 2012. She could see Mr W had asked for a number of credit increases from 2012 to 2014. But he'd maintained his minimum monthly payments. And he didn't have any new adverse information on his credit file. So she didn't think Vanquis had lent irresponsibly to Mr W. When Mr W began to experience financial difficulties in 2015 she felt Vanquis had responded positively and agreed a repayment plan.

Mr W didn't agree. His father had helped with payments. Vanquis shouldn't have agreed to the increases when he had an IVA on file. So he's asked for an ombudsman's final 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.

As our adjudicator has explained we are governed by rules about what we can look into. In this case Vanquis hasn't given us permission to look beyond the six year limit set out in our rules. But I've looked carefully at the credit increases on Mr W's account in the last six years. And how Vanquis responded when Mr W told them he was in financial difficulty.

Mr W says he had a number of creditors from an IVA on his credit file from 2009 to 2016. And Vanquis should've known he was in financial difficulty. It shouldn't have approved the increases in his limit. Vanquis has explained it offers credit to individuals who may have experienced some financial difficulty in the past. It helps people rebuild their credit rating. And it rewards good account management by offering to increase credit limits if its lending criteria is met.

I've looked at the credit increases from 2012. And I can see Mr W's limit increased from £250 to £3000. But I can't see any evidence Mr W was struggling to manage his account. He made his monthly minimum payments on time. And he sometimes paid more than the minimum amount. Vanquis said that suggested Mr W could maintain a higher level of borrowing.

I can't see any information on Mr W's credit file to suggest he was experiencing any new financial problems during this period. I accept Mr W had experienced difficulties in the past.

But Vanquis' business model is to offer credit to individuals in Mr W's situation. So Mr W's IVA and debt management plan wouldn't necessarily mean he couldn't have an account or future credit increases.

Vanquis said it looks at how customers manage their accounts as well as their current financial situation. It seems Mr W was able to manage his Vanquis account and make his monthly payments. I can only see one payment had been missed before May 2015. And Mr W's credit position had improved. Although he had used payday loans he was able to settle them quickly. And no adverse information had been recorded against him.

I realise Mr W said his father was helping with his payments. But Mr W hadn't indicated before 2015 that he was struggling with his finances. And he had requested and accepted the credit increases on his account. There was nothing on Mr W's credit file to suggest he was experiencing any new financial problems. And of course Mr W had the option of rejecting the credit increases.

In 2015 Mr W's employment circumstances changed. So he told Vanquis his income had been reduced. I'd expect Vanquis to respond sympathetically and positively when it became aware. I can see Vanquis agreed to a debt repayment plan. And it has now accepted an offer of repayment through a debt charity. So I think it did respond sympathetically to the changing situation.

I realise Mr W will be disappointed with this outcome. But I don't think Vanquis acted irresponsibly when it increased Mr W's credit limit between 2012 and 2014. And when his circumstances changed in 2015 Vanquis acted sympathetically and agreed to a repayment plan for the outstanding balance. So I won't be asking Vanquis to do anything more.

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 Mr W to accept or reject my decision before 22 December 2018.

Andrew Mason
ombudsman