

## **complaint**

Miss W complains that Vanquis Bank Limited acted irresponsibly when it increased her credit limit in 2015.

## **background**

Miss W opened a Vanquis credit card account in January 2014 with a credit facility of £500. It carries out a risk assessment of all its customers every month. And by February 2015 it decided it could offer her an increased credit facility of £1,500. Vanquis asked her to phone it within 30 days if she didn't want this increase. And because it didn't hear from her it made the increase in March 2015. So it didn't think it'd been irresponsible.

Miss W didn't agree. She said she was already struggling with other credit card repayments and had to resort to payday loans to make ends meet. She wants Vanquis to refund all interest and charges since Vanquis increased her credit limit. And she wants it to remove any adverse information from her credit records.

Our investigator didn't think Vanquis had acted irresponsibly when it increased Miss W's credit limit. She looked at all the information it had before making its offer and in the light of that information she didn't think it was acting unreasonably.

Miss W wasn't happy with this. She didn't think Vanquis had looked properly at how she was managing her other credit cards. She was in a bad financial state when it offered her the increase which has now seriously impacted on her credit history.

## **my findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. In doing so I've considered if this increase was affordable at the time Vanquis offered it to Miss W and if it was irresponsible to make the offer. And I've also considered if it responded positively and sympathetically when it knew Miss W was in financial difficulties.

If a loan is unaffordable it means that the customer couldn't afford to make the repayments at the time he or she took the loan out. The affordability checks a lender should carry out should be proportionate to the size of the loan and the cost of repayment. From the information it had at the time of the increase Vanquis thought it was affordable and so offered it to Miss W. We can't say that a lender should've done any particular check. But it seems to me that Vanquis reasonably assessed Miss W's ability to make the required monthly repayments. So I can't find it was wrong for it to increase her credit limit.

I have also considered whether it was irresponsible for the bank to have given Miss W the increase. Irresponsible lending is not just about whether she could afford to repay the credit or not – it's whether there's another reason she shouldn't have had the credit. This will depend on her personal circumstances. And it could be irresponsible to lend money to someone who is in a debt spiral because they are borrowing money to repay other loans. But as I've already said Vanquis carried out all the checks we would expect and these showed she could afford to meet the monthly repayments. As the adjudicator found there was nothing in her account history that would've concerned Vanquis. And Miss W didn't have to accept the credit limit increase.

A bank has a responsibility for responding positively and sympathetically when it knows a customer is in financial difficulties. I can see that it's agreed a monthly repayment plan with Miss W and frozen all interest and charges. And it's agreed to close the account when the balance reaches zero. I can't fairly ask it to do more.

I know Miss W will be disappointed with my decision but for the reasons I've given I can't fairly find 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 Miss W to accept or reject my decision before 14 May 2018.

Linda Freestone  
**ombudsman**