

complaint

Mr C complains that Vanquis Bank Limited was irresponsible to offer him a credit card when he was in financial difficulties. He asks that it refunds interest and late payment charges, with 8% interest, and removes negative information from his credit file.

background

Mr C applied for a credit card account with Vanquis in September 2016. Vanquis offered an account with a credit limit of £500. Mr C says he was in financial difficulties and Vanquis would have known this if it had checked his credit records, which showed defaults and missed payments.

The adjudicator didn't recommend that the complaint should be upheld, saying:

- Vanquis asked Mr C for his income and employment status and whether he expected any changes in his circumstances that might affect his income. It also did a credit check. These checks were proportionate for the amount of credit offered by Vanquis.
- Vanquis said it was aware of previous default balances of about £3,500. But when Mr C applied for the account he had outstanding balances of £200.
- Vanquis said Mr C should contact it about any financial difficulties to discuss what support it can offer. This was reasonable.
- Vanquis had assessed Mr C's situation before making a decision to lend. The adjudicator said she couldn't recommend that Vanquis refunds charges or amends Mr C's credit file.

Mr C didn't agree. He provided a statement of his income and expenditure which he says shows he couldn't afford more debt. Mr C pointed out indicators of financial difficulties in his credit report, such as the number of searches by other lenders (which he says declined to lend), another card account which had been open for nearly five years without an increase in the credit limit and recent defaults. Mr C said this outcome wasn't consistent with similar cases in the public domain or another complaint he'd brought to this service. Mr C said Vanquis hadn't treated him sympathetically and was harassing him about repayments.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Where the evidence is incomplete, inconclusive or contradictory, I reach my decision on the balance of probabilities – in other words, what I consider is most likely to have happened in light of the available evidence and the wider circumstances.

Mr C applied to Vanquis for a credit card account in September 2016. He told Vanquis he was employed with an annual income of £21,000 and living in a household with income of about £100,000. Mr C said he lived with family. Vanquis did a credit check. Vanquis offered the card account with a credit limit of £500.

Vanquis can decide whether to lend to a customer and the amount of credit it offers. The type of card it offered was intended for customers with poor credit records. But Vanquis had

to make a fair assessment of Mr C's ability to repay the debt. Its checks had to be proportionate depending, for instance, on the amount of credit and what it knew about Mr C.

Mr C says Vanquis should have taken into account the recent defaults and other indicators of financial difficulty in his credit file. I've looked carefully at the credit report Mr C provided.

The balance of Mr C's existing credit card account was sometimes over the credit limit, but was generally reported as up to date. I don't think the number of cash advances reported would have caused Vanquis concerns. A telecommunications provider had recorded recent defaults. But this doesn't necessarily mean Mr C couldn't pay the debt. He could, for instance, be disputing the debt. And Mr C had an up to date account with the same telecommunications provider. While Mr C had taken out short term loans these had been repaid or settled. I don't think the number of searches made by potential lenders prior to Vanquis carrying out its credit search would have caused Vanquis concern. Overall, I don't think it's reasonable to say that Vanquis should have declined to lend to Mr C because of the information in the credit report.

Vanquis says it knew about Mr C's past defaults but this wouldn't necessarily cause it to decline his application. It says it assessed Mr C's outstanding debt as within affordable levels.

Mr C sent an income and expenditure statement which suggests his income was lower than he'd told Vanquis. But Vanquis called Mr C and confirmed his income when he applied for the account. I don't think it had any reason to think the information provided and confirmed by Mr C wasn't correct.

I think, given Mr C's stated income and the amount of the credit offered, the affordability checks made by Vanquis were proportionate. Based on the information it received, I don't think Vanquis was unreasonable to offer the card account with a credit limit of £500. It follows that I don't think it's reasonable to require Vanquis to refund any interest or charges. I hope Mr C and Vanquis will now be able to agree a suitable arrangement to repay the debt.

my final decision

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 10 November 2017.

Ruth Stevenson
ombudsman