

complaint

Miss B complains that Vanquis Bank Limited lent to her irresponsibly when it increased her credit card limit over several years.

background

Miss B took out a credit card with Vanquis in 2012 with an initial credit limit of £250. Over the next two years, Vanquis increased the credit limit on several occasions until it was £3,000. In July 2018, Miss B told Vanquis that, due to a change in circumstances she was struggling to keep up payments. So Vanquis offered her a payment arrangement of 3 months. Miss B complained to Vanquis, she said that, based on her financial circumstances, Vanquis shouldn't have given her a credit card in 2012 and shouldn't have increased her credit limit over the following two years. She said the lending was irresponsible.

Vanquis looked into her complaint but didn't think it should be upheld. So Miss B came to this service. Our investigator didn't think Vanquis had done anything wrong so Miss B asked for review by an ombudsman.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. I'm sorry to hear about the financial difficulties Miss B's been having, but based on what I've seen, I don't think this complaint should be upheld and I'll explain why.

When Miss B applied for the credit card, she said her household income was £60,000. Vanquis has shown it did carry out affordability checks. The checks it did showed a total non-mortgage debt of around £3,000 and no CCJ's. Miss B's shown that, in fact, her non-mortgage debt at the time was higher. But Vanquis has provided evidence to show that the debt appears differently on different credit agency reports. So I'm satisfied that Vanquis did the checks to the best of its ability and that it wasn't unreasonable to give Miss B a relatively small credit facility based on the information it had at the time.

Over the next two years, Vanquis reviewed Miss B's account and increased the credit limit several times. Each time, a credit search was carried out which didn't show any increased borrowing, CCJ's or newly defaulted debt. In June 2014, Vanquis noted there had been defaulted debt a year earlier and additional non-mortgage debt had increased. But as Miss B was still managing the account properly, it felt an increase to £3,000 was still affordable based on its lending policy. Miss B was regularly paying over the minimum payments, so based on the information I've seen, I don't think it was wrong for Vanquis to offer gradually increasing credit limits. Each time the credit limit was increased. Miss B was informed of the increase and could've said she didn't want it if she felt it wasn't affordable or had information Vanquis didn't have about her circumstances.

Miss B complained about the credit four years after the last increase when she found herself in financial difficulties. While I can understand her concern about the debt in her current circumstances and I'm very sorry to hear about her situation, based on the information Vanquis had at the time, I don't think it was unreasonable to offer her credit and increase her credit limit in the way it did.

my final decision

For the reasons given above, it's my final decision that this complaint is not upheld.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 18 August 2019.

Susie Alegre
ombudsman