

## **complaint**

Mrs S complains that Vanquis Bank Limited charges too much interest on her credit card and didn't carry out enough checks when it increased her credit limit to an unaffordable level. She's asked for a refund of the interest from the time she took out her card and her balance to be written-off.

## **background**

Mrs S opened a credit card with Vanquis Bank in 2015 with a credit limit of £250. Vanquis reviewed her account in 2016 and offered her an increased limit of £1,000. It increased her credit limit again in 2017, first to £2,000 and then to £3,500.

In June 2018, Mrs S complained that Vanquis Bank was charging her too much interest which was creating a problem with her meeting the monthly payments. She said she didn't think that sufficient checks had been carried out before her credit limit was raised to an unaffordable level.

Vanquis Bank agreed a long term payment arrangement with Mrs S for £15 a month, and interest and charges on her account were stopped. But it said it was satisfied that appropriate checks were made on all occasions, which were proportionate to the amount of credit Mrs S was being offered. It didn't think it had acted irresponsibly with this. Mrs S's account had been well maintained and payments had been made on time. It said its interest rates are generally higher than those of some high street banks, as it isn't a prime lender. Mrs S would've been aware of what these interest rates were and they'd been applied correctly to her balance.

One of our adjudicators looked at the complaint but didn't think it should be upheld. He listened to a call recording from when Mrs S took out her card with Vanquis Bank and said that the annual percentage rate (APR); and the purchase and cash interest rates were explained to her. The terms and conditions including all the information about the interest rates were also sent to her in a welcome pack. He also said Mrs S's monthly statements showed the interest rates she was being charged.

The adjudicator looked at Mrs S's complaint about her credit limit increased and said that the card was offered help those whose credit history may not be as strong to try and improve this. He felt Vanquis Bank had looked at Mrs S's credit record in line with its lending policy and took into account how she maintained her account before offering a credit limit increase. She was sent an email about each proposed increase 30 days before, and was given the option not to accept it.

Mrs S didn't accept the adjudicator's findings and asked for her complaint to be reviewed. She said she regularly went to the limit on her credit card before making her monthly payments and then used it again straight away so that she could pay bills and other debts. Her circumstances changed in 2016 which meant a reduction in her income but this wasn't looked at before Vanquis Bank increased her credit limit. Her overall amount of debt had gone up before the last rise in this limit, and this should've made Vanquis Bank aware of her situation.

## **my findings**

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

Having done this, I find I've reached the same conclusion as the adjudicator, for much the same reasons.

I say this because when I've looked at the first part of Mrs S's overall complaint about the interest rates Vanquis Bank charged her, I think these made clear to her from her taking out the card. They were explained over the phone to her in the welcome call, and then sent with the terms and conditions of the credit card in her welcome pack

It's for Vanquis Bank to decide on what basis it's willing to offer a credit facility to a customer. Mrs S could've chosen not to accept the credit card, or not to use it, if she wasn't happy with the interest rates.

And I can see that these interest rates were also set out on her monthly statements – they appear separately to show the difference between those applying to purchases she's made, and those to cash advances when she's withdrawn money using her card.

I've then considered what she's said about the increases to her credit limit. These appear to have been offered in increments, after Vanquis Bank reviewed how she was maintaining her account as well as looking at its credit scoring process and lending criteria. Vanquis Bank has explained that it looks to help people build their credit rating in this way.

It felt that Mrs S had been maintaining her account well by paying more than the required monthly repayments on time and so offered her an increased credit limit. As the adjudicator has said, Mrs S had the option not to accept the higher limit by contacting Vanquis Bank within the 30 day notice period. She also had the option not to make use of the full credit limit this made available to her, if she didn't want to.

I'm sorry to hear that Mrs S has found herself having problems with maintaining her required monthly payments. And I understand that Vanquis Bank has agreed a long term affordable payment arrangement with her, and has stopped interest and charges being applied to her balance. But I don't think it should be required to refund interest and charges previously incurred when these have been applied in accordance with the terms and conditions of the account. I also don't think it would be reasonable to require Vanquis Bank to write-off Mrs S's balance in these circumstances.

## **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 Mrs S to accept or reject my decision before 21 January 2019.

Cathy Bovan  
**ombudsman**