

complaint

Mr R says Vanquis Bank Limited irresponsibly gave him a credit card. He wants a refund of all interest he paid and his credit file amended.

background

Vanquis said in its final response that it's a responsible lender and takes into account an individual's personal circumstances in order to establish the appropriate level of credit that can be granted. It uses credit scoring to do this. The information Mr R gave showed he was employed and had no outstanding CCJs. There was a registered default eight months before his application. But everything was within the levels set as part of its lending policy. It's a second chance lender and its products are for those with moderate means to give access to financial products that may otherwise be unavailable to them. After assessing Mr R's information it offered an affordable and modest low initial credit limit. It later assisted him when his circumstances changed and he was in financial difficulty.

Our adjudicator felt this complaint shouldn't be upheld. He said:

- It's up to Vanquis to decide what checks it carries out. But they should be reasonable and proportionate. Here the application was made in August 2014 and there were no problems until July 2015 when some early arrears arose. The card was then well maintained until November 2015.
- When Vanquis granted the card there was an eight n old default on Mr R's credit file. The default was taken into account but wasn't enough to stop it issuing the card. There's no rule saying a bank cannot lend to a customer with a default registered against them.
- It wasn't irresponsible of Vanquis to accept Mr R's application not least as it's a second chance lender helping people who may not have great credit scores. And he will not be asking it to refund any interest to Mr R or remove the default from his credit file.

Mr R doesn't agree and has asked for an ombudsman review.

Vanquis has confirmed it doesn't think it did anything wrong. It says it gave Mr R a low initial limit and didn't increase it. His card was well maintained for year after he was given it and his problems started when his financial circumstances changed. It attempted to support him during that time by agreeing payment arrangements.

my findings

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

It's up to Vanquis to decide what its lending criteria are, who it deals with and gives credit to. Those are matters of it making commercial decisions which we wouldn't normally interfere with. But we'd expect it to carry out proportionate checks before giving a customer a credit card.

Here I agree with the investigator that Vanquis carried out proportionate and appropriate checks. It took account of the information Mr R had given it and what it knew about him including about his credit score, employment and salary. There was also nothing to show he'd CCJs recorded against him. There does appear to have been a default recorded against him about eight months before the application.

Even so the fact that a default had been recorded doesn't automatically mean Vanquis shouldn't have given Mr R the credit card. As it's said it is a second chance lender providing products for those with moderate means or less than perfect credit histories, to give access to financial products that may otherwise be unavailable to them.

In this case Mr R satisfied Vanquis' lending criteria and it gave him the credit card with a modest limit of £500. I don't think Vanquis acted irresponsibly in doing so. And it also didn't increase this limit over time.

It also appears that the card account was generally well managed for about the first year and Mr R's financial difficulties only started when he experienced a change in his circumstances.

Consequently I think it was reasonable for Vanquis to decide to give Mr R a card and some credit as he'd requested. When Vanquis later became aware of Mr R's financial difficulties it also acted positively and sympathetically when trying to assist him.

Vanquis also has an obligation to ensure the information recorded on Mr R's credit file accurately reflects the conduct of his account.

Taking everything into account I think Vanquis has acted fairly throughout and I don't think it's done anything wrong or irresponsibly. As a result I don't think I can reasonably ask it to refund any interest or amend Mr R's credit file as he'd like.

my final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 9 June 2019.

Stephen Cooper
ombudsman