

complaint

Mr M complains that Vanquis Bank Limited lent irresponsibly when it approved a credit card with a £250 limit in 2012.

background

In August 2012 Mr M applied for a credit card with Vanquis. Mr M's application said he was employed and earned around £16,000 a year. Vanquis completed a credit search and went on to approve Mr M's application. A £250 limit was placed on his account.

Mr M maintained his payments for several months but the account defaulted and the debt was sold to a third party.

In 2018 Mr M complained about Vanquis' decision to approve his credit card in 2012. Vanquis looked at what'd happened but didn't uphold his complaint as it said his application had met its lending criteria. Mr M went on to refer his complaint to this service.

An investigator looked at Mr M's complaint but didn't uphold it. They said Vanquis had completed proportionate checks and the decision to approve the credit card was reasonable based on what it knew about Mr M. Mr M didn't agree and said that older credit searches this service has on file in relation to other complaints he's raised show his position more clearly. As Mr M didn't agree with the adjudicator's view of his complaint it's been passed to me to make a decision.

my findings

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

Before a lender approves borrowing it's required to complete checks in order to assess whether the debt is affordable and sustainable. There's no specific set of checks a lender has to complete but they should be proportionate to the level and type of debt applied for. Vanquis has provided evidence to show Mr M supplied information about his personal circumstances when he applied, including his income and employment type. Vanquis also completed a credit search and assessed the application in line with its lending criteria.

Vanquis says it found Mr M had a default that was over a year old before applying. The credit search I've found on another of Mr M's complaints shows he also had a default from January 2011 but it appears he was making repayments to clear that debt when he applied to Vanquis. Vanquis confirmed that the outstanding default balance at this time was around £700, it didn't find any County Court Judgements and that Mr M had around £900 outstanding on other debts at the time of his application.

I've looked closely at Mr M's credit file which he produced in November 2016 and supplied in relation to a separate complaint. The credit search goes back for six years from the date it was produced so covers the period when Mr M applied for his Vanquis credit card. And while I can see he did have two defaults showing at the time of application in 2012, they were both over a year old at that point and appear to have been in the process of being repaid.

I can also see that Mr M had taken payday loans around this time. But I've not found evidence that Mr M was having trouble managing those loans at this time and they all appear to have been repaid without missing any payments.

Vanquis has explained it's a "second chance lender" and it will consider borrowers who've had some previous credit problems. In this case, I'm satisfied Vanquis was aware of Mr M's position and the information on his credit file was taken into consideration when it assessed his application.

Looking at everything, I'm satisfied Vanquis completed proportionate checks to see whether the £250 credit card limit was sustainable and affordable. And based on what Mr M told Vanquis and what it found out about him, I'm satisfied the application met its lending criteria and it was reasonable for it to proceed. As I've not found Vanquis lent irresponsibly, I'm not telling it to do anything else to resolve this complaint.

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 Mr M to accept or reject my decision before 11 February 2019.

Marco Manente
Ombudsman