

Complaint

Mr G complains that Vanquis Bank Ltd lent irresponsibly when it increased his credit card limit.

Background

In September 2013 Vanquis wrote to Mr G to say it intended to increase the limit on his credit card from £750 to £1,750 with effect from 16 October 2013. Vanquis' letter said Mr G could make contact before that date if he didn't want it to increase his limit.

Mr G's credit limit increased to £2,250 in January 2016, £2,500 in July 2016 and £3,000 in December 2016. Before each increase Vanquis says it looked at how Mr G had run his account as well as information from his credit file. Vanquis says it always wrote to Mr G and gave him the chance to decline the increases but he didn't do so.

In 2018 Mr G complained and said Vanquis had lent irresponsibly. Vanquis didn't uphold Mr G's complaints. It said that in the months leading up to its decision to increase his limit he'd made payments on time and in excess of the minimum. Vanquis also said that the information from Mr G's credit file showed his other credit was well handled. Vanquis accepted that Mr G had borrowing elsewhere but said the levels were in line with its lending criteria. Vanquis also said that Mr G didn't reject in the increases and maintained his payments.

Mr G referred his complaint to our service and an investigator looked at what had happened. She said any increases that happened before 2012 were out of our jurisdiction because of the length of time that's passed. The investigator also said the limit increases made between September 2013 and December 2016 were affordable and didn't recommend Vanquis take any further action. Mr G didn't agree with the investigator's view and said the increases shouldn't have been approved based on the evidence Vanquis had available. Mr G asked to appeal so his complaint has 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.

Mr G's credit limit has increased four times since 2013. I've looked at each increase separately to see whether I think Vanquis lent irresponsibly and whether it carried out reasonably checks. In line with a previous decision on this case, I'm only looking at the limit increases from September 2013 onwards.

In September 2013 the limit went from £750 to £1,750. Vanquis' systems say that at this stage Mr G had around £5,200 in other credit and it didn't find any evidence of recent defaults. Vanquis also looked at the level of payments Mr G was making and found he was paying more than the minimum each month in the run up to its decision. Mr G missed February 2013's payment but made it up the following month. The rest of Mr G's payments were made on time. I've looked at how Mr G's credit card was handled in the months leading up to Vanquis' decision to increase his limit. I don't agree that Vanquis lent irresponsibly when it increased Mr G's limit in September 2013.

The limit was increased again in January 2016 when it went from £1,750 to £2,250. Vanquis records show that the level of debt with other creditors had increased from £5,200 to £10,506 since the last limit increase in September 2013. But its records show that Mr G had made payments that were higher than his minimum in the three months running up to its assessment and hadn't missed any in the previous year. Vanquis' minimum payment came to £232.30 but Mr G had made payments totalling £555. I also note that Mr G made an £800 repayment in September 2015 in addition to his normal monthly payment. Vanquis also records that Mr G had no significant adverse credit and it was more than 31 months since he'd received a default.

I understand Mr G feels Vanquis shouldn't have increased his limit. But I think Vanquis' claim that his account was run well and in line with its terms along with the fact his credit file didn't show any new adverse information indicates the increase was affordable. I note Mr G made payments considerably in excess of the minimum required in the months leading up to Vanquis' decision. Taking everything I've seen together, I think Vanquis completed proportionate checks to ensure the limit increase was affordable.

The limit increased to £2,500 in July 2016. Vanquis again looked at how Mr G had managed his account and found no missed payments. The minimum payments in the three months leading up to Vanquis' decision totalling £342.50 but during that time Mr G made payments totalling £583 which is considerably higher. I note that no new adverse credit information was found and Mr G had been managing his other credit. I've looked at the checks Vanquis completed and I think they were reasonable. As a result, I don't agree that Vanquis' decision to increase Mr G's credit limit was irresponsible.

The final increase to £3,000 came into effect in December 2016. At stage, Mr G had maintained his payments for an extended period and there was no new adverse information on his credit file. Mr G's payments in the three months before Vanquis' decision totalled £478 against a minimum payment figure of £343.80. Mr G continued to make payments in excess of the minimum required. Vanquis says it looked at Mr G's circumstances and information available including how he'd handled the account. Vanquis' evidence shows that the increased limit met its lending criteria so it decided to proceed. I think that decision was reasonable based on the evidence Vanquis had available.

I note that Vanquis wrote to Mr G before the decision to increase his credit limit came into effect each time. Vanquis gave Mr G the chance to decline but he didn't take that step. I'm satisfied Vanquis provided Mr G with notice of its decision and a chance to reject the new limit.

Taking everything I've seen together, I think Vanquis completed proportionate checks each time it decided to increase Mr G's credit limit. And I think the checks showed that the proposed increases were affordable based on the information Vanquis on hand.

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 G to accept or reject my decision before 1 December 2019.

Marco Manente
ombudsman