

## **The complaint**

Mr W complains that Vanquis Bank Limited was irresponsible in its lending to him.

## **What happened**

Mr W applied for a Vanquis credit card in April 2019. The initial credit limit provided was £1,000. Mr W's credit limit was then increased on five occasions resulting in a final credit limit of £5,000. Mr W says that the credit limit increases shouldn't have happened.

Vanquis says that reasonable checks were carried out before the credit card account was provided to Mr W and that based on its checks Mr W met its lending criteria. It says that once an account is open it regularly reviews the customer's situation to assess whether it is appropriate to offer a credit limit increase. In deciding whether to offer a credit limit increase it considers how the account has been managed and carries out an income and expenditure assessment. It says that it carried out the relevant checks on Mr W's account before offering the credit limit increases and it was satisfied that the lending wasn't irresponsible.

Our investigator didn't uphold this complaint. She thought that the checks carried out by Vanquis before the account was opened and before the first credit limit increase was provided were reasonable and proportionate and based on the results of these, she didn't think Vanquis acted unfairly by providing the lending.

Before providing the second and subsequent limit increases, our investigator thought it proportionate that Vanquis should have got a more thorough understanding of Mr W's financial circumstances. However, she thought that had further checks taken place these wouldn't have suggested the lending to have been unaffordable. She also noted that Mr W didn't use the additional credit limit above the first limit increase and so there was no detriment to him from the subsequent credit limit increases.

Mr W didn't agree with our investigator's view. He said the other credit cards he had at the time lowered his credit limit when he was struggling to pay the minimum amount but Vanquis raised it. He said he had to borrow to pay off the credit card and he is still paying this back.

## **What I've decided – and why**

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

Our approach to considering complaints about unaffordable and irresponsible lending is set out on our website. I've had this approach in mind when considering what's fair and reasonable in the circumstances of this complaint.

As our investigator explained, before providing credit, lenders need to complete reasonable and proportionate affordability checks. There isn't a set list of checks a lender is required to carry out, it just needs to ensure the checks are proportionate when considering things like: the type and amount of credit being provided, the size of the regular repayments, the total cost of the credit and the consumer's circumstances.

Before Mr W was provided with the credit card Vanquis gathered information about his income, employment and carried out a credit check. While Mr W did have a default recorded, this was historic (recorded 40 months prior to the application) and had a balance of £199. Mr W didn't have any judgements recorded against him and considering the other credit information gathered I do not find that this raised concerns that meant further checks should have taken place.

As, in this case, I find the checks carried out were proportionate, I have considered whether the information gathered through the checks raised concerns that meant the lending should have been considered unaffordable. The initial credit limit provided was £1,000. At the time Mr W's declared income was £14,000 and his credit check showed he had a relatively low amount of other outstanding debt. Based on this, and the other information provided, I do not find that the initial credit limit offered should have been considered unaffordable.

In August 2019, Vanquis increased Mr W's credit limit to £2,000. While this was only a few months after the credit card had been provided, in those months Mr W had been managing his account without any issues. No charges had been incurred and his balance was within the credit limit. An income and expenditure assessment was carried out and I do not find that this raised concerns that the additional lending would be unaffordable. Therefore, at this point, I do not find I have enough to say that Vanquis did anything wrong by increasing Mr W's credit limit to £2,000.

Before the second credit limit increase was offered, an additional default was recorded on Mr W's credit file. This increased the total of his defaulted accounts to £214. Given this, I think it would have been reasonable for Vanquis to carry out thorough checks before this, and any subsequent credit limit increases took place to ensure it had a clear understanding of Mr W's financial circumstances. However, having looked through the information Vanquis gathered this showed Mr W's income and disposable income was increasing and I do not find that the results from his credit file raised concerns that the additional lending would be unaffordable. I have also looked at the statements Mr W has provided but based on the information I have seen I do not find I have enough to say that had further checks taken place, the second and subsequent credit limit increases (bringing the final credit limit to £5,000) should have been considered unaffordable.

That said, even if I did uphold Mr W's complaint in respect to the later credit limit increases, when considering a complaint, we not only assess whether we think the business did anything wrong or treated the customer unfairly, but also whether this resulted in any detriment to the customer. In this case, Mr W's accounts show that he didn't make use of the credit limit increases beyond the increase applied in August 2019 (providing a credit limit of £2,000). So, I do not find Mr W has been disadvantaged by the second or subsequent increases. Therefore, I do not require Vanquis to take any action in response to this complaint.

### **My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 9 February 2024.

Jane Archer  
**Ombudsman**