

The complaint

Miss B complains that Vanquis Bank Limited was irresponsible to lend to her.

What happened

Miss B was approved for a credit card with Vanquis on 26 November 2022. The credit limit was set at £1,200 and this remained unchanged.

Miss B says Vanquis should have asked for further information as it would have seen her previous debt history and recent credit accounts on her credit file. She said if it had checked her income and outgoings, it would have declined her application. Miss B says she had to take on further credit to make the minimum repayments which worsened her financial situation and affected her mental health.

Vanquis says it was satisfied proportionate checks were carried out prior to approving the £1,200 limit. These included Miss B's income and existing credit commitments. Vanquis concluded that the lending was not irresponsible.

Our investigator did not recommend the complaint should be upheld. He considered Vanquis had carried out proportionate checks and those checks showed the agreement was likely to be affordable.

Miss B responded to say, in summary, that her bank statements showed minimal disposable income at the end of each month and a number of gambling transactions. She said Vanquis did not review her bank statements and therefore did not lend appropriately.

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.

I need to take into account the relevant rules, guidance and good industry practice.

Bearing this in mind, in coming to a decision on Miss B's case, I have considered the following questions:

- Did Vanquis complete reasonable and proportionate checks when assessing Miss B's application to satisfy itself that she'd be able to sustainably repay the credit?
 - If not, what would reasonable and proportionate checks have shown?
- Did Vanquis make a fair lending decision?
- Did Vanquis act unfairly or unreasonably in some other way?

When Miss B applied for the Vanquis card, I've seen evidence to show Vanquis checked her credit file and asked her about her income. These checks showed:

- An annual income of £19,165;
- A joint mortgage with monthly payments of £366;
- One loan with a balance of £9,746 and monthly payments of £183;
- Three credit cards with a combined balance of £2,773 on credit limits of £3,050;
- A mail order account with a balance of £416 and a limit of £1,500;
- Five defaulted accounts totalling £11,500 – the most recent from 4.5 years earlier;
- No arrears on Miss B's active accounts and no County Court Judgements.

Vanquis calculated Miss B had a disposable income of around £200 per month based on the information it gathered and an estimate for her living expenses. I'm satisfied these checks were proportionate to the circumstances of the lending.

As Miss B's credit card was approved with a modest limit of £1,200, I don't find Vanquis acted irresponsibly by doing so because:

- Miss B had sufficient income to sustainably afford the new credit card;
- All her active credit accounts were up to date;
- Miss B had no recent defaults and there was no sign of current financial difficulty;
- I've considered what Miss B said about gambling - her average spend was under £30 per month which I don't consider to be significant, or indicative of an escalating issue.

In summary, I find Vanquis made a fair lending decision and I can't see it acted unfairly or unreasonably in any other way. I note that Vanquis was made aware of Miss B's mental health condition in June 2023 and so it should make reasonable adjustments going forwards.

My final decision

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 28 March 2024.

Amanda Williams
Ombudsman