

## **The complaint**

Ms V complains that Vanquis Bank Limited lent irresponsibly when it approved her credit card application and later increased the credit limit.

## **What happened**

In July 2021 Ms V applied for a credit card with Vanquis. In her application, Ms V said she was self employed with an income of £30,000. Ms V also confirmed she was a homeowner and making monthly contributions towards a mortgage of £279. A credit search was completed and Vanquis found Ms V owed around £8,000 to other creditors in addition to her mortgage. A default was found on Ms V's credit file along with some recent arrears on her unsecured credit. Vanquis says it considered regular outgoings for Ms V and found she had a disposable income of around £935 available each month once her commitments were met. Vanquis approved Ms V's application and sent her a credit card with a limit of £1,000.

Vanquis increased the credit limit to £1,750 in March 2022, £2,500 in July 2022 and £3,500 in January 2023. Before increasing the credit limit, Vanquis contacted Ms V and completed income and expenditure assessments to get a better picture of her circumstances. Vanquis says that each time Ms V completed an income and expenditure assessment it found she had sufficient disposable income to be able to sustainably afford higher repayments.

Earlier this year, representatives acting on Ms V's behalf complained that Vanquis lent irresponsibly. Vanquis issued a final response on 21 May 2024 but didn't uphold Ms V's complaint. Vanquis said it had carried out the relevant lending checks to ensure repayments were sustainable for Ms V and didn't agree it lent irresponsibly.

Ms V's case was referred to this service and passed to an investigator. They asked Ms V's representatives to provide specific bank statements going back to April 2021 so they could look at her circumstances prior to each lending decision Vanquis made. Whilst some bank statements were provided, the key bank statements the investigator requested on various occasions were not.

The investigator wasn't persuaded to uphold Ms V's complaint. Whilst the investigator thought there were times when Vanquis should've carried out more comprehensive checks, like requesting bank statements, they weren't able to see what Vanquis would've found based on the bank statements provided on Ms V's behalf. The investigator also thought Vanquis had carried out reasonable and proportionate checks before increasing the credit limit to £1,750 and £2,500.

Ms V asked to appeal and said she remained of the view that Vanquis lent irresponsibly when approving her application and later increasing the credit limit. As Ms V asked to appeal, her complaint has been passed to me to make a decision.

## **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.

Before agreeing to lend or increasing the credit limit, the rules say Vanquis had to complete reasonable and proportionate checks to ensure Ms V could afford to repay the debt in a sustainable way. These affordability checks needed to be focused on the borrower's circumstances. The nature of what's considered reasonable and proportionate will vary depending on various factors like:

- The amount of credit;
- The total sum repayable and the size of regular repayments;
- The duration of the agreement;
- The costs of the credit; and
- The consumer's individual circumstances.

That means there's no set list of checks a lender must complete. But lenders are required to consider the above points when deciding what's reasonable and proportionate. Lenders may choose to verify a borrower's income or obtain a more detailed picture of their circumstances by reviewing bank statements for example. More information about how we consider irresponsible lending complaints can be found on our website.

When Ms V applied for the credit card she provided details of her income and residential status. Ms V said she was self employed and earning £30,000 a year. Ms V also said she was a homeowner with a mortgage. Vanquis carried out a credit search and found Ms V had existing debts of around £8,000 with some recent arrears and a default that was around 20 months old. Vanquis says it also applied some cost of living costs to the application and found Ms V had a disposable income of £934 after her commitments and living expenses were met each month.

In my view, the information on Ms V's credit file indicated she may have been struggling. Whilst I understand Vanquis was aware Ms V had a default, I think the fact she'd missed several payments in the months before her application was made should've caused Vanquis to consider carrying out better checks before deciding whether to lend. One option would've been to review Ms V's bank statements. I can see our investigator asked Ms V's representatives to supply bank statements covering the period April to June 2021 on a number of occasions but they haven't been provided.

Without seeing Ms V's bank statements I'm unable to safely say what Vanquis would've found if it had asked for additional information in support of her application. And the lending checks Vanquis did complete indicated the credit card was affordable for Ms V. I'm sorry to disappoint Ms V but based on the information on file, I'm unable to conclude that Vanquis lent irresponsibly when it approved her application in July 2021.

Before Vanquis increased the credit limit to £1,750 in March 2022 and £2,500 in July 2022 it checked Ms V's credit file again. The information provided found Ms V had a missed payment but no other new adverse credit. Overall, Ms V's payments were made on time and I didn't find anything that would've led Vanquis to take the view she was already overcommitted or struggling. I note that credit limit increases were approved only after Ms V spoke directly with Vanquis and completed income and expenditure assessments. I think it's fair to note that Vanquis was working with figures Ms V provided. Before the March 2022 credit limit increase Vanquis calculated she had around £205 available as disposable income. I'm satisfied that was sufficient for Ms V to be able to sustainably afford an increase of £750 taking the credit card limit to £1,750. When Ms V provided the income and expenditure details before the credit limit increase to £2,500 they indicated she had around £710 available each month. I'm satisfied that figure was sufficient to be able to sustainably support increased repayments against a credit limit of £2,500.

I'm sorry to disappoint Ms V but I haven't been persuaded that Vanquis lent irresponsibly when increasing her credit limit to £1,750 in March 2022 and £2,500 in July 2022.

When Ms V completed a new income and expenditure assessment before the January 2023 increase to £3,500 she said her income was around £20,000 a year with outgoings totalling £1,477.26. In my view, that would've left Ms V with a low disposable income to be able to afford further borrowing. So I think Vanquis ought to have asked Ms V to provide some additional information, like her bank statements, so it could get a better picture of her circumstances before deciding whether to proceed. I note our investigator asked Ms V's representatives to provide bank statements covering the months October to December 2022

Unfortunately, the bank statements our investigator asked Ms V to provide weren't supplied. So whilst my view is that Vanquis should've gone further and carried out more comprehensive checks, I'm unable to see what it would've found if Ms V had provided copies of her bank statements. And, on balance, I'm satisfied the figures Vanquis used indicated the credit limit increase was affordable for her overall. I'm sorry to disappoint Ms V but I haven't seen sufficient information that shows Vanquis lent irresponsibly when it increased her credit limit to £3,500.

I've considered whether the business acted unfairly or unreasonably in any other way including whether the relationship might have been unfair under Section 140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think Vanquis lent irresponsibly to Ms V or otherwise treated her unfairly. I haven't seen anything to suggest that Section 140A or anything else would, given the facts of this complaint, lead to a different outcome here.

For the reasons I've given above, I haven't been persuaded to uphold Ms V's complaint.

### **My final decision**

My decision is that I don't uphold Ms V's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms V to accept or reject my decision before 19 December 2024.

Marco Manente  
**Ombudsman**