

Vanquis shares plummet as it posts £34.8m loss for 2024

Vanquis Banking Group, the specialist lender, has reported that its “turnaround” is “on track”, despite posting a loss in 2024.

The [Bradford-based](#) firm recorded a £34.8m loss, a significant decrease from its pre-tax profit of £17.3m in 2023, as reported by [City AM](#).

The company’s bottom line was impacted by the rising cost of dealing with complaints related to its historic lending practices.

Vanquis revealed that the cost of complaints surged 66 per cent to £47.4m, with Financial Ombudsman Service (FOS) fees climbing to £24.8m from £16.7m.

Concurrently, net interest income dipped five per cent to £420m and total income fell six per cent to £458.5m, attributed to a higher cost of funds.

The firm’s net interest margin dropped by two basis points over the year to 18.4 per cent.

However, losses improved to £8m in the second half of the year, compared to £26.8m in the first six months, driven by the Vehicle Finance Stage 3 receivables review.

Despite impacting losses, the lender stated that the costs had contributed to “a cleaner and lower risk balance sheet, giving greater clarity to the cost of risk across portfolios.”

Vanquis also reiterated that it was not subject to the ongoing motor finance review as it had not participated in the use of discretionary commission arrangements (DCAs).

The company has stated that it stands apart “differentiated on a number of grounds versus the three cases subject to the judgment and all customers signed a pre-contractual document that confirmed a commission ‘will’ be paid.”

The business also reported that it had achieved £64.3 million in transformation cost savings by year-end and is expecting to realise an extra £15 million by the close of 2025.

Ian McLaughlin, Chief Executive Officer, remarked, “2024 was a pivotal year in the turnaround of Vanquis.”

McLaughlin elaborated, “We have made good progress implementing the changes required to position the business for sustainable future growth, despite substantial headwinds.”

He continued, “We addressed underlying structural issues, simplified our operating model, refreshed our strategy, expanded our product range, and are on track to deliver our technology enhancements.”

Expanding further, McLaughlin said, “Our technology transformation programme, Gateway, is due to complete by mid-2026, providing us with a scalable, digital-first platform to support growth and delivering an additional £23m-28m in cost efficiencies.”

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