

The complaint

Mr K complains that Vanquis Bank Limited continued to charge interest on his credit card account when he'd told it he was experiencing financial difficulties.

What happened

Mr K had a credit card with Vanquis, and he contacted it at the end of 2016 when he was having some difficulties in meeting the payments towards it because of a change in his circumstances. At that time his Repayment Option Plan was started, which meant interest and charges were frozen on the account. This was subject to Vanquis receiving information and documentation from Mr K about his situation, and this plan was then removed in April 2017 when this wasn't sent to it.

Following this, Vanquis agreed a repayment arrangement of £50 a month for a three month period. Mr K paid the first instalment of these payments, and then Vanquis didn't receive the following two so late payment charges were applied. Mr K's credit file was also updated to show these late payments.

Vanquis told Mr K that it could only freeze interest and charges on an account when a payment plan had been agreed. And it accepted an offer of a payment plan Mr K made through a debt management company, which started in November 2017. Vanquis said no interest had been applied to the account since then. But it said that there were times that payments towards this agreed plan weren't received by the due date, and so these had been reported as late payments.

Mr K complained and asked for all the late payment markers to be removed from his credit file, and for a refund of the interest charged to his account since December 2016.

Vanquis said the late payment markers had been applied correctly, and it was Mr K's responsibility to make sure the payments were made on time, even if they were being made through a third party.

Mr K was able to repay his credit card balance by March 2019, and his account was closed.

One of our investigators looked into the complaint but didn't think it should be upheld. She thought that Vanquis had tried to help Mr K while he was in financial difficulties. She said that it hadn't received information it had asked for to carry on with the Repayment Option Plan, and it didn't receive all the agreed payments towards his payment arrangement. Because of this, the investigator thought the fees and interest had been applied correctly.

The investigator also said that she thought Vanquis had reported accurate information in relation to the late payments, so didn't think it should remove the markers.

Mr K didn't accept the investigator's findings and asked for his complaint to be reviewed.

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 understand that Mr K's complaint about two particular payments being received late whilst he was dealing with the third party debt management company is being addressed separately. Therefore this doesn't form part of my decision here about Vanquis.

And although I do appreciate Mr K's strength of feeling about the impact of the interest; charges; and late payment markers on both his financial situation and his credit history, I don't think Vanquis has acted unfairly or unreasonably with the actions it has taken.

I say this because I think Vanquis has looked to respond positively and sympathetically to the financial difficulties Mr K told it about.

It suspended interest and charges for a period, and agreed a repayment arrangement with him. However, it didn't receive the information it asked Mr K for to allow it to give further consideration to his particular circumstances, and, after he made the first payment towards the agreed repayment plan, it didn't receive the subsequent ones.

If there's been an arrangement that a consumer may pay reduced amounts towards a debt then that'll be reflected in their credit report.

And I can see that Vanquis also agreed to accept an offer of reduced payments Mr K made through a debt management agency, and no interest was charged on the account since then. This continued until his account was closed.

Taking everything into account, I don't think Vanquis should be required to make any amendments to Mr K's credit file when this reflects how he managed his credit card account. Vanquis has a responsibility to report accurate and up-to-date information to credit reference agencies, and I think that's what it has done here. I also don't think it needs to refund interest applied through the times before his payment plan was agreed and maintained.

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 K to accept or reject my decision before 21 April 2020.

Cathy Bovan
Ombudsman