

## **The complaint**

Ms W complains that Vanquis Bank Limited was irresponsible when giving her a credit card and credit limit increase. She also complains about the way Vanquis treated her when it was chasing her for payments.

## **What happened**

In October 2014 Ms W was successful in applying for a credit card with Vanquis. The credit limit was set at £500. In May 2015, Vanquis increased that credit limit to £1,250. In 2016, Ms W missed some payments. At this point Vanquis started chasing for the debt.

Whilst she was being chased, Ms W was unwell and spent time in hospital. She tried to reach a repayment plan with Vanquis. When no agreement was made, Vanquis sold the debt on. It then recalled the debt to try and reach a repayment plan again. After this wasn't agreed for a second time, it sold the debt on again in January 2017.

Ms W complains she was on benefits at the time she took out the credit card and she'd told Vanquis this. So, she doesn't think she should've been given the credit card or the increase. Ms W is also unhappy about the way she was treated. She explained to Vanquis that she was seriously ill in hospital and wanted time to recover but they continued to contact her. She also wanted to reach an affordable repayment plan but Vanquis didn't do this.

Our investigator felt Vanquis could've done more when Ms W was in hospital. She felt it should have based its repayment offers on actual information about Ms W's affordability but it failed to do this. And she thinks this would've caused Ms W some trouble and upset. So, she recommended Vanquis pay Ms W £150 for this. Our investigator didn't think there was anything to suggest the credit card or limit increase was unaffordable for Ms W at the time. And she thought the debt was sold on correctly. Our investigator did point out Vanquis should've frozen interest on Ms W's account between June and September 2016 but hadn't done so. So it should refund the charges and interest during that time period. Vanquis agreed with the investigator's recommendation.

Ms W disagreed and believed Vanquis should do more. She explained Vanquis didn't call her in October 2016 when she'd asked it to. And if it had she would've been able to clear the debt in full which would've prevented it from being sold on. She'd like Vanquis to buy back the debt and reach a reasonable repayment plan. She also felt the compensation didn't reflect the way she'd been treated by Vanquis. She asked for an ombudsman to reach 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.

Having done so, I agree with the investigator for largely the same reasons.

### *Affordability*

Ms W has said she shouldn't have been given the credit card because she wasn't working at the time and was in receipt of benefits. I've looked at the application Ms W completed and she's stated she was working full time and had an income of over £16,000. I can't see anything to suggest Vanquis would've known this wasn't the case.

I'd expect Vanquis to undertake reasonable and proportionate checks when deciding how much to lend. I can see it reviewed the information Ms W gave it, and also ran a credit search. It saw she'd previously had a default and CCJ but this was at least 30 months previously. It also showed her outstanding debt was relatively low. I've not seen any reason for Vanquis not to have granted the credit card with a £500 limit based on this information.

In 2015 Vanquis increased Ms W's limit to £1,250. It's shown me it checked Ms W's credit file again which confirmed there wasn't any other outstanding debt. It also looked at how she'd managed her card up to that date. Ms W had kept within her limits and made more than the minimum payments on average. I understand Ms W believes she told Vanquis she wasn't working at the time. The information I've seen doesn't support this. But Vanquis did directly ask Ms W to let it know of any changes to her circumstances. And looking over the contact notes provided, I can't see she told them about being out of work.. So, I've not seen anything to suggest that Ms W couldn't afford the credit limit increase and I don't think Vanquis has been irresponsible when lending to her.

### *Chasing debt*

I'm sorry to hear how ill Ms W was when she was being chased for the debt. I can imagine this was very upsetting for her. I've had to decide whether Vanquis did anything wrong in contacting Ms W. Whilst I think some contact was reasonable I can see Ms W had notified Vanquis directly, and through her then partner, that she was seriously ill. I think it would've been reasonable at this point to tell Ms W what it needed from her but to give her time to respond.

I can see Vanquis asked Ms W what she could afford when trying to reach a repayment plan. It doesn't seem it asked for an income and expenditure form to check what she could actually afford. Instead Ms W told Vanquis what she could pay, but none of the repayment plans reflected this amount. So, I do think it could've done more here to reach an agreement whilst giving Ms W some time to recover. I also agree with the investigator that interest should've been frozen from June 2016 when Vanquis told Ms W it would do that.

I can see Ms W is unhappy Vanquis sold the debt on whilst she was recovering. I can imagine this was frustrating but I have to consider whether it was reasonable. And I think it was. At the time Vanquis sold the debt on Ms W had been in arrears for quite some time - months before she'd been hospitalised. She'd also not made any payments towards the repayment plan that had been agreed. I understand she wasn't sure she'd agreed a repayment plan, but in any event it was clear she couldn't afford her repayments as she hadn't made any for many months. I appreciate Ms W would prefer the debt stayed with Vanquis, but I don't think it was unreasonable for it to sell the debt on. This is because it had decided the relationship had broken down at that point. And by defaulting her account it meant no further interest would be charged.

Ms W says she was in a position to repay the full debt amount when she was discharged from hospital. And she would've done this had Vanquis contacted her when it said it would – in October 2016. She said because it didn't do this, she didn't have a chance to repay the debt and it was sold on without notifying her.

Ms W has shown us she received an instalment of a student loan into her account in September 2016. She said it was with this money she was going to repay the debt. But I understand her student loan was provided to support her studies. Also while the debt was still with Vanquis, I've not seen any contact from Ms W saying she wanted to repay the debt in full. And when the debt was sold on in January 2017, I understand Ms W still didn't repay the full balance. So, due to this and the student loan being for her studies, I don't think it's likely she would've repaid the debt had Vanquis called her.

### *Putting things right*

Overall, I think Vanquis was reasonable in giving Ms W the credit card and limit increase. And I also think it was reasonable when it sold the debt on given it hadn't received a payment for quite some time.

I do think Vanquis should've done more when Ms W was seriously ill in hospital. As it said it would freeze the interest and charges from June 2016, it should've ensured nothing further was being added on to the debt. And I think it should've done more to understand what Ms W could afford to pay back in a repayment plan.

It's worth noting that whilst it should've done more, there wasn't an obligation for Vanquis to reach a repayment plan that Ms W wanted. And I don't think it was acting unreasonably when it chased the debt. The debt was owed by Ms W and she hadn't made any payments for quite some time. But I think it should've tried to understand Mr W's circumstances and what she could afford before offering set amounts. And I also think this could've waited until Ms W was out of hospital and had recovered.

Because of this I think Vanquis needs to pay compensation for the trouble and upset this caused. I agree with the investigator that £150 is reasonable for this. Whilst Ms W was in a difficult situation, I don't think it was wrong for Vanquis to be asking her to repay a debt that she owed it and I think that this is most likely what caused Ms W the most stress. But it wouldn't be fair for it to compensate her for something it was entitled to do.

Vanquis should also refund the interest and charges applied from June 2016 to September 2016 when it had said these were frozen.

### **My final decision**

For the reasons I've explained, I uphold this complaint. Vanquis Bank Limited must pay Ms W £150 compensation and refund the interest and charges applied to her debt from June 2016 to September 2016.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms W to accept or reject my decision before 19 January 2021.

Charlotte Wilson  
**Ombudsman**