

The complaint

Mr I is unhappy that Vanquis Bank Limited suspended the use of his credit card account.

What happened

On 24 February 2020, Vanquis wrote to Mr I informing him of an overdue payment on his account and asking Mr I to contact them. Mr I didn't contact Vanquis, so Vanquis wrote to him again on 2 March 2020, and then also on 17 March 2020, with this third letter informing Mr I that if he didn't make a payment within 14 days a notice of default would be issued by Vanquis.

Mr I did not make any payment, and on 31 March 2020 Vanquis issued a notice of default in which they provided a deadline of 19 April 2020 for Mr I to make a full payment or to contact Vanquis to arrange a suitable repayment arrangement. This default notice informed Mr I that no further use of the credit card account would be permitted, and that if no action was taken by Mr I by the required date that a default could be filed with the credit reference agencies.

Mr I received the notice of default and attempted to contact Vanquis but was unable to do so before the required date of 19 April 2020. Mr I did contact Vanquis shortly after this date and made a payment of £300 toward the balance, and also arranged a repayment plan to clear the remaining balance. However, Vanquis advised that they weren't willing to reinstate Mr I's credit facility and that it would be suspended permanently.

Mr I wasn't happy about this and so he raised a complaint with Vanquis. Mr I believes that Vanquis failed to provide a notice of termination before they terminated his credit card account and that this is a breach of section 88(4) of the Consumer Credit Act 1974. Mr I also complained that a default had been registered on his credit file despite Mr I attempting to contact Vanquis on numerous occasions but being unable to do so.

Vanquis looked into Mr I's complaint and responded to it in June 2020. They said that they had not terminated Mr I's account, but rather had permanently suspended further use of Mr I's account, and that this meant a notice of termination was not required. Vanquis also said that, while they had reported missed payments to the credit reference agencies as they were obliged to, they had not reported that the account was in default.

Vanquis also felt that they had given Mr I sufficient time to contact them, and while they acknowledged that their telephone lines had been operating on reduced hours due to the circumstances surrounding Covid-19, they still felt that Mr I could have contacted them during these reduced hours, or by another method, to make an arrangement. All of which meant that Vanquis didn't feel that they had done anything wrong, and so they didn't uphold Mr I's complaint.

Mr I wasn't satisfied with Vanquis' response and so referred the matter to our service. One of our investigator's looked at the complaint, but they agreed with Vanquis' position and so they didn't uphold the complaint either. Mr I remained dissatisfied and so the matter was escalated to an ombudsman for a final 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.

It's clear that Mr I feels strongly that Vanquis should not have suspended the use of his credit card account, but as has been explained previously by our investigator, the terms and conditions of the account do permit this. The relevant clause of the current terms and conditions is as follows:

B11.2 We may also refuse to carry out a transaction or, if it is reasonable, put a temporary or permanent stop on you or any additional cardholder using the card or its security details:

...

(c) to reflect or prevent a significant increase in the risk that you may not be able to pay us what you owe

Mr I has stated that the current terms and conditions are not those which he agreed to at the time he took out the credit card account, and that this means that he is not bound by these terms. However, variations to terms and conditions are permitted, provided that sufficient notice is given.

Mr I has stated that he has never received such notice. But Vanquis have confirmed that updated terms and conditions were sent to Mr I with his monthly account statement by letter in July 2013, June 2014, and March 2015, and by email in May 2018, to the email address which our service uses successfully to correspond with Mr I. Additionally, Vanquis note that terms and conditions are also included when a new card is sent to a customer, and that besides the initial card being issued when the account was opened in April 2012, there have been two card reissues to Mr I, in March 2015 and March 2018.

Vanquis have confirmed that they have no record of returned post corresponding to these dates. Given that the majority of post is delivered correctly it seems likely that Mr I was made aware of changes to the terms and conditions of the account. So, I'm satisfied that Vanquis acted appropriately when deciding to permanently suspend further use of Mr I's account. I'm also satisfied that because the account was permanently suspended, and not terminated, the requirements of the Consumer Credit Act 1974 to which Mr I refers don't apply.

Mr I has also stated that he didn't receive the letters sent to his address by Vanquis on 24 February 2020, 2 March 2020, and 17 March 2020, which informed Mr I that payment was overdue on the account. Mr I contends that he only received the notice of default letter dated 31 March 2020. However, Vanquis have again confirmed that no undelivered post was returned to them around these dates, and as explained above, given that the majority of post is delivered correctly, on the balance of probability, it seems more likely than not that these letters were delivered to Mr I's address.

It must be noted that, even if the letters referred to above were not delivered to Mr I's address, the notice of default dated 31 March provided Mr I with a reasonable amount of time to contact Vanquis and make an appropriate arrangement. This letter also provided notice to Mr I that no further use of the account would be permitted at that time.

Mr I has stated that tried to call Vanquis on several occasions but was unable to get through. However, Vanquis have explained that they only have record of two inbound calls from Mr I - one on 6 April 2020, which was terminated by the caller while the caller was in the

automated menu and before the call was connected with a Vanquis agent; and another on 18 April 2020 at a time when the telephone lines were closed.

Vanquis note that when at times when their telephone lines were closed, customers would hear an automated message which gave a number to contact Vanquis by SMS text message. Mr I has stated that he sent such a text message to Vanquis, but this doesn't appear to have been sent to the number provided by Vanquis in their automated message, and Vanquis have no record of the message's receipt.

Mr I has explained that he wasn't able to spend time attempting to contact Vanquis during this time because family circumstances meant that his priorities were elsewhere. In particular, Mr I's wife was admitted to hospital, which I can understand would have been stressful for Mr I of itself, but which in this case also meant that Mr I had to look after his young child and maintain his business without his wife's support during this time.

I hope that Mr I's family is now well and I can sympathise with Mr I's position here. Our service would certainly expect that a business treat Mr I with a degree of sensitivity under circumstances like these. But I think that's what Vanquis have done here. For instance, they didn't record a default against Mr I's credit file and they agreed to a repayment plan to enable Mr I to repay the money owed over a manageable period of time.

I understand that Mr I believes that the difficult position he found himself in meant that Vanquis should not have permanently suspended his credit facility, but this was a commercial decision made by Vanquis based on non-payments that took place before Mr I's wife was admitted to hospital, and I'm not persuaded that Vanquis acted improperly in permanently suspending the credit card account as they did. Indeed, considering the possible alternative and Mr I's circumstances at that time, it could be argued that it would have been irresponsible of Vanquis to allow Mr I's level of debt to potentially increase, had they allowed use of the credit facility to continue.

It follows then that I can't uphold this complaint. I understand that this won't be the response that Mr I was hoping for, but I'm satisfied that the process that Vanquis have followed which culminated in the commercial decision to permanently suspend Mr I's credit card account, and also how Vanquis have handled matters with Mr I following the permanent suspension, were fair and reasonable in the circumstances of this case.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr I to accept or reject my decision before 22 February 2021.

Paul Cooper
Ombudsman