

The complaint

Mr M complains that Vanquis Bank Limited should have monitored his account more closely to prevent him from entering a cycle of debt.

What happened

Mr M initially complained about irresponsible lending by Vanquis when it provided him with a credit card account and later when it increased his credit limit. He added that he has been in a cycle of debt for 10 years, and he thinks Vanquis could have done more in the monitoring of his account to help him prevent the cycle of debt. He said he's made a significant number of cash withdrawals and was incurring interest and late payment fees.

Unhappy with the response to his complaint from Vanquis, he referred the matter to us. One of our investigators looked into the two complaints points Mr M had raised. He thought the complaint about the lending decision had been referred to this service too late. But he thought we could look at the second part of his complaint.

Mr M didn't agree that he'd brought the complaint too late. But ultimately an ombudsman decided that that part of Mr M's complaint was out of time. But she agreed his complaint about whether Vanquis should have done more to help Mr M from July 2013 onwards was something this service could consider.

Our investigator looked into this. But he didn't uphold the complaint. He said that Vanquis hadn't looked to increase Mr M's credit limit since 2013 so it had no reason to monitor his account in the way Mr M expected. He noted that Mr M hadn't notified Vanquis of his financial problems until 2017 after which he felt Vanquis had done enough to fulfil its obligation to treat Mr M positively and sympathetically.

Mr M didn't accept this outcome. He didn't think Vanquis had done enough to meet the regulations in place relating to monitoring of credit accounts. He added that he felt there were clear indicators on his account - given the number of gambling and cash advance transactions on his account, that there was a problem. The investigator didn't think this altered the outcome he'd reached.

As Mr M still disagreed, the complaint has come to me to make a final decision.

I note Mr M has mentioned that Vanquis mis-sold him a Repayment Option Plan (ROP) with his credit card account when he referred his complaint to us. The investigator explained this was a separate issue which needed to be addressed directly with Vanquis in the first instance. Mr M did not dispute this point. But for clarity, Mr M's concerns about the ROP do not form part of my 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've come to the same overall conclusions as our investigator for broadly similar reasons. I know Mr M will be disappointed with my decision, so I'll explain why.

I'm sorry to hear of Mr M's financial difficulties. It isn't in dispute Vanquis became aware of these matters when Mr M got in contact with it in 2017. And at this point it had a responsibility to treat Mr M's situation positively and sympathetically. But this doesn't mean Vanquis was automatically required to write off the debt or suspend/refund interest and charges.

I would expect a lender in these circumstances to agree suitable arrangement about repayment of the debt to help the account holder get back on track. And having reviewed Vanquis' records, I can see it agreed several short-term payment arrangements following a discussion with Mr M about his circumstances and some fees were waived. Overall, I think Vanquis offered the kind of assistance I would expect at this point.

But Mr M says that Vanquis should have been aware of his situation before 2017 and offered help much earlier. And I can see he's referred to another complaint dealt with by this service which he feels is similar to his. But the complaint Mr M has mentioned – while similar in terms of the issue raised being irresponsible lending, is different as it involves a different type of credit facility. And the applicable regulations are not the same.

Here, the relevant regulations relating to credit cards during 2013 – 2017 are set out in The Office of Fair Trading's (OFT) Irresponsible Lending Guidance. This says a firm must *'monitor the borrower's repayment record during the course of the agreement, offering assistance where borrowers appear to be experiencing financial difficulty'*. This means that Vanquis needed to monitor how Mr M was managing his monthly repayments.

So, I've looked at Mr M's use of his credit card account from 2013 to see what his repayment record showed. Having done so, I can see that Mr M has sometimes - over the years, exceeded his credit limit and made some late payments. So, I've thought carefully about whether this was enough of an indicator to suggest that Vanquis ought to have stopped him using his card.

But I think the activity on Mr M's account also suggests that whenever Mr M stepped over his credit limit or missed a payment, he made a payment to put this right. And I can see from Vanquis' records that on some occasions any fees incurred were waived. So, I think it's fair to say that Vanquis did offer some assistance – albeit perhaps not as much as Mr M may have hoped for.

I note that Mr M did undertake a large number of cash advances. But this is a facility on the account which he is entitled to use. And I don't think this means that Vanquis should have known he was using the cash advances for gambling transactions. Equally, I haven't seen anything to suggest that Mr M consecutively failed to make payment at all on his account (during the period I'm looking at), which good industry practice (and the later regulator) suggested was on its own an indicator of financial difficulty either.

So overall and without being able to use the benefit of hindsight, I don't think there was enough in Mr M's repayment record itself to suggest it was demonstrable Mr M was experiencing financial difficulty before he contacted it in 2017. And I don't consider that any

difficulty Mr M was experiencing was obvious to the extent that Vanquis ought to have realised it and so ought to have withdrawn Mr M's credit card.

I do very much sympathise with Mr M's financial difficulties and understand he will be disappointed with the outcome I have reached. But ultimately, I have to consider whether Vanquis has done anything wrong here and I don't consider it has. So, it follows that I can't fairly uphold the complaint.

As this complaint was referred to us some time ago, it's not clear what the status of Mr M's outstanding debt from this credit card is. If Mr M has a balance outstanding, I would urge him to contact Vanquis or any agents it has appointed (or sold the debt to) and discuss repayment terms applicable to his current financial situation if he hasn't already done so.

My final decision

For the reasons above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 14 July 2021.

Sandra Greene
Ombudsman