

The complaint

Mr H complains that Vanquis Bank Limited (“Vanquis”) won’t write off his outstanding credit card debt, and it should do so given his current health and financial position.

What happened

Vanquis ‘sold’ Mr H’s debt to a third party in late 2019. It then ‘purchased’ it back in late 2020. On purchasing the debt back, Vanquis reduced it by £479.46 for reasons not material to this complaint.

Mr H’s complaint was considered by one of our investigators. She came to the view that Vanquis:

- should have discussed with Mr H the management of his account going forward sooner than it did
- should place Mr H’s account on hold, or keep it on hold, for six months from 28 January 2021 and send him during this time only information and documents it’s required to send by law or regulations
- should review Mr H’s financial and personal position with him every six months thereafter and, if appropriate, keep his account on hold for longer
- need not write off the balance as sought by Mr H on the basis Mr H’s position may improve overtime

Vanquis responded to the investigator’s view to say, in summary:

- it’s unable to undertake six monthly reviews as recommended
- it’s not a financial advisor, nor a debt advisor
- in any event it will be required from 4 May 2021 to comply with the Debt Respite Scheme (Breathing Space Moratorium and Mental Health Crisis Moratorium) regulations 2020 and under this legislation it will only be able to place a moratorium on an account once the borrower (in this case Mr H) has sought advice from an FCA registered debt advisor and applied for this moratorium via the Insolvency Service

Mr H responded to the investigator’s view to say that he disagreed with it and that his debt should still be written off.

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.

In considering what is fair and reasonable, I need to have regard to the relevant law and regulations, regulators' rules, guidance and standards, codes of practice and (where appropriate) what I consider to have been good industry practice at the relevant time.

Having considered all the available evidence and arguments I can confirm that I've come to the same conclusion as the investigator and for the same reasons. There is also very little I can usefully add to what has already been said.

It's clear both parties have very strong feelings about this complaint. They have both provided detailed submissions in support of their respective views which I can confirm I've read and considered in their entirety. However, I trust that both parties will not take the fact that my findings focus on what I consider to be the central issues, and that they are expressed in considerably less detail, as a discourtesy. The purpose of my decision isn't to address every point raised. The purpose of my decision is to set out my conclusions and reasons for reaching them.

Now I accept that Mr H holds the view that he will never be in the personal or financial position to clear the debt in question so Vanquis should simply write it off, but I disagree.

In my view it can't be said for certain what the future holds and because of this I don't believe it's unreasonable for Vanquis to want to keep the debt open in its books.

I will now turn to Vanquis' treatment of Mr H. In doing so I can confirm that I've had regard to Vanquis' regulatory obligations under 7.3.2, 7.3.4 and 7.3.5 of the Consumer Credit Sourcebook ("CONC") amongst other things.

Now like the investigator I do think Vanquis could have entered into discussions with Mr H about how his account might be managed going forward, given his personal and financial position, sooner than it did. But I don't think that this in itself warrants the making of any award by me in favour of Mr H.

However, despite what I say above, I would add that like the investigator I think that given Mr H's current personal and financial position Vanquis should place Mr H's account on hold, or keep it on hold, for six months from 28 January 2021 and send him during this time only information and documents it's required to send by law or regulations. And that it reviews Mr H's financial and personal position with him every six months thereafter and, if appropriate, it keeps the account on hold for longer.

Vanquis makes reference to the Debt Respite Scheme (Breathing Space Moratorium and Mental Health Crisis Moratorium) regulations 2020 that comes into force on 4 May 2021. However, it's my understanding that this gives consumers additional rights to those they currently have and doesn't in itself stop Vanquis doing what I say it should do.

Vanquis submits that it isn't financial advisors or debt advisors. But I'm not saying it should be giving Mr H financial or debt advice every six months. What I'm saying is that it should consider continuing to keep Mr H's account on hold every six months based on what Mr H tells it about his personal and financial position.

Finally, I can see that Vanquis says it's unable to undertake six monthly reviews of Mr H's account with him. Now I accept that Vanquis systems might not be set up to facilitate such reviews and that Vanquis might be disinclined to carry out such reviews, but I'm not persuaded it can't carry them out.

My final decision

My final decision is that Vanquis Bank Limited must:

- place on hold, or keep on hold, Mr H's account for six months commencing 28 January 2021
- review Mr H's financial and personal position with him every six months thereafter and, if appropriate, keep Mr H's account on hold for longer

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 3 March 2021.

Peter Cook
Ombudsman