

## **The complaint**

Mr S complains that Vanquis Bank Limited has added interest to his account balance despite being in prison and has refused to discuss a settlement figure.

## **What happened**

Mr S says he went into prison in August 2019 and his father told Vanquis that. He says Vanquis continued to add interest and charges to his account balance which was unfair. Mr S says his father asked Vanquis to stop the interest and charges, but it wouldn't do so. And says his father asked Vanquis to consider a settlement offer but it said it could only speak to him about it. Mr S says he is concerned that his debt is increasing but is not able to repay it.

Vanquis says it hasn't made a mistake and has applied interest and charges correctly and in line with the account terms and conditions. It says it could only agree a repayment plan or discuss a settlement amount with Mr S himself and not his father. Vanquis says it sold the account in July 2020.

Mr S brought his complaint to us and our investigator didn't uphold the complaint. The investigator thought interest and charges were applied in line with agreed account terms and conditions and thought Vanquis was reasonably entitled to decide it wished to discuss matters with Mr S himself.

Mr S doesn't accept that view.

## **My provisional decision**

I issued a provisional decision and said I thought the complaint should be upheld in part.

I looked at Vanquis's records and I was satisfied it was aware that in August 2019 Mr S was in prison. I accepted that in its self wouldn't mean the credit card agreement would end but I thought it ought to be obvious to Vanquis at that stage Mr S would have difficulties making repayments from prison,

I looked at Mr S's account statements and could see that from some time before August 2019 he was unable to make required payments but at that stage interest wasn't being applied. So, I thought Vanquis ought reasonably to have been aware by August 2019 that there were payments not being made and that Mr S was now in prison.

I could see that Vanquis started applying interest and charges again from about December 2019 and that Mr S didn't make any required payments until the account was sold in July 2020. I asked Vanquis to confirm the default date and I said I couldn't see that it told me, but I could see it applied interest until July 2020 which suggests that is the default date.

I said there was no dispute Mr S's father told Vanquis in around February 2020 that his son had received a lengthy custodial sentence following his remand in custody the previous year.

I said the key issue is the default date and when it ought reasonably to have been obvious to

Vanquis the relationship between it and Mr S had broken down. The Information Commissioner's Office (ICO) suggests that should be between three and six months of arrears. I didn't think Mr S made any payments from early 2019 until the account was sold in July 2020. I also thought it clear that Vanquis knew about Mr S's personal circumstances and that it unlikely he would be able to make required payments. So, I didn't think Vanquis acted fairly by adding interest and charges to the account balance for as long as it did.

Vanquis started adding interest again in December 2019. And my provisional view was that by February 2020 it ought reasonably to have been obvious the relationship between it and Mr S had broken down following about three months of further missed payments in addition to the months of payments not being made.

I thought provisionally that Vanquis should remove any interest and charges from Mr S's account from February 2020 and deduct that amount from the overall balance. I also thought it should backdate the default date to February 2020.

I appreciated Mr S says Vanquis ought to have been able to discuss a settlement figure with his father, but I didn't think it acted unfairly by insisting it spoke to Mr S personally about such matters. I don't know why Vanquis didn't wish to discuss such an option but said that was up to it to decide when exercising its commercial judgement.

Overall my provisional view was that I upheld this complaint in part. I also made clear that I thought Mr S's father has done his best to update Vanquis about his son's position and that it was also clear that Mr S himself had not ignored the position. But had done what he could, in difficult circumstances, to update Vanquis.

Mr S or Vanquis do not wish to add anything further to what they have previously told us.

### **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 have come to the same overall view I reached in my provisional decision and for the same reasons.

### **Putting things right**

Vanquis should backdate the default date to February 2020 and refund any charges, interest or fees from that date and deduct them from the overall balance owed by Mr S.

### **My final decision**

My final decision is that I uphold this complaint in part and order Vanquis Bank Limited to backdate the default date to February 2020 and update the Credit Reference Agencies. I also order it to refund any charges, fees or interest applied to the account from that date and deduct them from the balance owed by Mr S.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 19 October 2021.

David Singh  
**Ombudsman**