

## **The complaint**

Mr N is unhappy about the service he received from Vanquis Bank Limited and how it managed his account when he was in financial difficulty.

## **What happened**

In August 2019, Mr N's Vanquis credit card statements show that the credit limit had been exceeded and that the monthly repayment had not been successful. This initially led to charges being applied to the account and, ultimately, a payment arrangement being put in place. Mr N is unhappy about the service he received during this time and how his account and payment arrangement was managed. So, he complained to Vanquis.

Vanquis partly upheld Mr N's complaint. It said that a complaint should have been raised sooner than it had been, and it apologised that this hadn't happened. It also paid Mr N £75 compensation for the inconvenience caused. And refunded £9.94 in interest as a gesture of goodwill.

But it didn't agree that it had managed Mr N's account incorrectly. Mr N didn't accept this, and he raised a number of further points which Vanquis responded to in detail. But Vanquis didn't change the outcome it had reached. Mr N remained unhappy with Vanquis' response, so he referred his complaint to this service.

One of our investigators looked into things, but he didn't uphold the complaint. Overall, he felt Vanquis had handled Mr N's financial circumstances and subsequent complaint fairly. So, he didn't think that Vanquis needed to do anything more. Mr N raised further points with the investigator which were considered. But the investigator didn't think Mr N's latest comments changed the outcome he had reached. Mr N disagreed, so his complaint has been passed to me to reach 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.

Mr N has raised a number of issues both with Vanquis and in response to our investigator's findings. So, I hope Mr N will understand that I've had to summarise what he's told us about his complaint somewhat in the above section. And my findings below may not go into the detail Mr N would like. The rules that apply to the Financial Ombudsman Service allow me to do this and it reflects our role - which is to resolve disputes between financial businesses and their customers informally.

But I want to assure Mr N that, if I don't address every point that he has raised, it's not because I haven't thought about what's he's told us. I have considered everything the parties have said and sent to us. And I've taken into account any laws and regulations, regulators' rules, guidance and standards, and codes of practice and good industry practice (where appropriate), when making my decision.

Having done so, I've come to the overall same conclusions as our investigator and for broadly the same reasons (although I have provided some further explanation to those reasons). I know Mr N will be disappointed as his correspondence makes it clear how strongly he feels about his complaint, so I'll explain why.

As Mr N has raised a number of issues, I'll deal with them under some broad headings and in date order of when the events happened (where possible).

### **Mis-information about direct debit payments and interest in August 2019**

Mr N says that he was mis-advised about how to make up a missed payment during a phone call in August 2019. I've listened to this call, and I'm satisfied Mr N was given the option to make a manual payment or wait for the next direct debit to collect the full payment. I'm satisfied Mr N agreed to wait for the direct debit to collect the payment. I can see that Vanquis sent Mr N a transcript of what was said in this call, and I think this fairly represents the call recording I have listened to. So, I don't think Mr N was mis-advised on this point.

However, as interest is charged daily, Mr N did incur some additional interest as a result of not making a manual payment at the time of call (part of the payment was to clear the account arrears and interest is calculated daily on the outstanding balance). But Vanquis refunded the additional interest charged - £9.94, when it responded to his complaint. I think this is fair in the circumstances as it put Mr N's account in the position it would have been in had he made a manual payment during the call.

There is some suggestion that Mr N intended to clear the outstanding balance in full at this time. However, Mr N didn't make such a suggestion during this call. So, I'm satisfied he was only seeking to make the minimum payment that was due at the time - £433.77.

### **Charges from August 2019 – February 2020**

Mr N has complained about charges applied to his account. Mr N's statements show that charges were incurred from August 2019 to February 2020 and from December 2020. Here, I've looked at the charges Vanquis applied to Mr N's account from August 2019 to February 2020. I will address the charges applied from December 2020 further down in my decision.

As mentioned above, I can see from Mr N's statements that he exceeded his credit limit in August 2019. This was a result of spending on the account and Mr N's direct debit payment being returned unpaid by his bank. As a result, late payment and over limit fees were incurred. But I can see the late payment fee was later refunded.

Mr N's September 2019 statement also shows the next direct debit (£433.77 mentioned above) was also returned unpaid. But Mr N put this right by making a manual payment. However, the statements also show that in the following months, the full payment required wasn't received. And further late payment fees were charged each month up to and including the February 2020 statement.

The terms and conditions of Mr N's account make provision for such charges to be applied in these circumstances and the charges were clearly detailed on Mr N's statements. So, I don't think Vanquis did anything wrong when it applied these charges during this period.

### **Telephone calls/customer service**

Mr N says he contacted Vanquis several times between late 2019 and early 2021. And that he requested manager call backs, but this didn't happen. Vanquis doesn't agree. It

acknowledges that call-backs were agreed. But it says it didn't promise a manager would call back. And it maintains that all call-backs were made by its representatives, but it says the calls weren't answered. So, I've reviewed the records Vanquis has provided to this service. These records are contemporaneous notes which Vanquis records when Mr N contacts it or vice versa.

Having done so, I can see that several notes have been recorded during this time and some of them show Mr N requested a call back. But I'm also satisfied that the notes show Vanquis attempted call-backs, but the calls weren't answered. While these are notes of the calls, I have no reason to doubt the content of them. Particularly, as in one of the calls I've listened to, Mr N acknowledges that sometimes he receives calls that he doesn't answer. This is because he's concerned that the call might be a 'scam' as he doesn't recognise the number. But I've seen that the Vanquis representative did explain that calls from Vanquis can be from a range of different numbers. On balance, I think it's most likely that Vanquis did attempt to call-back Mr N, but the calls weren't answered.

Mr N is also unhappy that Vanquis says it can't locate call recordings for all the calls that happened in December 2019 and January 2020. Vanquis has provided this service with call recordings for calls made/received on several dates during this time frame. And they match the notes recorded in its customer records. I accept it's possible that not all calls were recorded. But I don't think this is unusual as not all calls are recorded. In any event, I don't think any further call recordings (had any been available) would materially affect the outcome of this complaint.

### **Payment arrangement and charges from October 2020**

Mr N has said that his financial difficulties came about due to the pandemic. So, I think it would be helpful if I address this point first. In April 2020, the Financial Conduct Authority (FCA) introduced guidance to financial businesses about how to handle circumstances whereby a consumer was experiencing temporary financial issues solely because of the pandemic. This included a payment holiday for up to six months with no adverse impact on the consumers credit file.

But from what I've seen in this case (and I'll go into more detail below), I think Mr N's financial problems happened before the pandemic started. As mentioned above, Mr N's statements show he was exceeding his credit limit and missing monthly payments from around August 2019. Therefore, I don't think the FCA covid relief scheme applied in Mr N's circumstances.

Where the covid relief scheme didn't apply, a lender was required to look at more bespoke arrangements – to meet their normal obligations to treat consumers in financial difficulty positively and sympathetically. What the lender offers to meet those requirements will vary depending on the individual circumstances. But typical remedies – in the short term, might be agreeing to reduced payments and/or suspending/reducing interest and charges for a period. But in severe cases of hardship or if the financial problems appear more long-term, it may be more appropriate to default the account.

I can see from the above-mentioned call notes, that Mr N was contacting Vanquis from December 2019 about the arrears on his account and that he spoke to it more specifically about his financial difficulties in February 2020. The notes indicate Mr N told Vanquis he was between jobs as he was studying for a new job role. But that he hoped to resolve the situation by April 2020. I've seen that Vanquis initially agreed a reduced payment arrangement of £32 per month for three months. As Mr N expected his difficulties to be short-term, and this happened before the pandemic, I think this was a reasonable response to his circumstances at the time.

A new payment arrangement was set up in May 2020 whereby Mr N was required to pay £33 per month and interest was reduced. I can see that Mr N went on to pay £33 per month. However, Mr N says that Vanquis continued to charge him while on the payment arrangement.

Having looked at the statements, I can see that Mr N's account didn't incur any charges between June 2020 and November 2020. However, charges started to be applied from December 2020. Vanquis says this is because the payment arrangement came to an end after six months - hence charges were applied as the account returned to normal terms. Whereas Mr N believes that the arrangement was to run for as long as he needed it. So, I've gone on to look at what was discussed when the payment arrangement was agreed and any correspondence that was issued relating it. This includes the call recording from when the payment was agreed, the account notes recorded at the time and letters sent to Mr N.

Having done so, I'm satisfied that Mr N again told Vanquis that his financial problems were likely to be short-term, so I think a further temporary arrangement was suitable at this point. And I'm satisfied Mr N was made aware that the term of the arrangement was for to six months. A longer-term arrangement was mentioned in the call, but it was explained this would involve Mr N losing the account facility, and Mr N confirmed that wasn't what he wanted.

I can also see that Vanquis contacted Mr N when the arrangement was expiring. And I note that Mr N's statements from November 2020 onwards set out the minimum monthly repayment had changed. I appreciate that Mr N continued to pay £33 per month, but overall, I think Vanquis did enough to make Mr N aware of the terms of the payment arrangement – both at the start and end of the arrangement. So, I'm unable to agree that Vanquis acted unfairly in respect of the payment arrangement or when the account returned to normal terms.

I've seen that Vanquis asked Mr N to contact it when the arrangement ended if he still needed support. But I haven't seen anything to suggest Mr N contacted Vanquis in this regard. This meant that Mr N's account returned to normal terms and started to incur charges as the £33 per month payment he was making wasn't sufficient to cover what was required. As I'm satisfied the arrangement had expired and a new payment arrangement hadn't been agreed, I think the charges were applied correctly at the time - in line with the terms of the account.

I've noted Mr N has also mentioned that Vanquis continued to charge him interest on his outstanding balance even though he is not making any new transactions. As mentioned above, Vanquis reduced the interest rate while he was on the payment arrangement. But I haven't seen anything to suggest it agreed to suspend interest altogether. And interest was always payable – at the contractual rate, both before and after the payment arrangements were in force. And interest is payable on any outstanding balance regardless of whether Mr N was using the account for new transactions or not. So, I don't think Vanquis did anything wrong when it charged interest on Mr N's account.

### **Credit file data**

Mr N is unhappy that adverse data has been recorded on his credit file. But a lender is obliged to report accurate information about how an account is managed with the credit reference agencies. Here, I'm satisfied that Vanquis was obliged to report that Mr N had missed payments and entered a payment arrangement. So, I don't think Vanquis was wrong to report such information about Mr N's account. And I'm satisfied that Vanquis made Mr N aware that missed payments and payment arrangements would impact his credit file.

## **Complaint Handling**

I can see Mr N believes that Vanquis fabricated a response to his complaint. And by issuing two final response letters (FRL) it has tried to cover up some wrongdoing. But I don't agree. I think Vanquis' first FRL fairly sets out the issues Mr N complained about. And as Mr N responded to that first response, I don't think it was wrong or indeed unusual that a business would want to reply to those follow up comments. Which is what Vanquis did here. So, I don't think it did anything wrong in responding the way it did.

I can see that Vanquis has accepted that it should have set up the complaint sooner than it did. But I note it paid Mr N £75 compensation for the inconvenience this delay caused. I think the compensation fairly represents the inconvenience the delay caused given that Vanquis did go on to address Mr N's complaint in full and he's been able to subsequently refer the matter to us.

Overall, while I'm sorry to disappoint Mr N, I don't think Vanquis is required to take any further action in respect of this complaint. I think it dealt with Mr N's account and payment arrangement and his subsequent complaint fairly.

I appreciate that events have moved on since Vanquis responded to Mr N's complaint. But I can only comment on the points raised by Mr N when he raised his complaint and what Vanquis responded to in its FRLs. If Mr N is still experiencing financial difficulties, I think it is for him to contact Vanquis to see how it may be able to help further going forward – this should include what has happened since he referred his complaint to us. Mr N may also benefit from contacting the following services:

StepChange: 0800 138 1111  
National Debtline: 0161 640 5212

## **My final decision**

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 9 June 2022.

Sandra Greene  
**Ombudsman**