

The complaint

Mr B complains that Vanquis Bank Limited consider him to be in persistent debt and have prevented him from transferring his outstanding balance to another credit card provider.

What happened

Mr B says that Vanquis wrote to him to say that he was in persistent debt, so he made a large payment to reduce the outstanding balance. Vanquis sent him another letter after the payment to say he was still in persistent debt, so Mr B made further payments to reduce his balance. He says he reduced his outstanding balance from £2,000 to £750 and he has paid more in capital repayment than he has in charges and fees and therefore he shouldn't be classed as being in persistent debt.

Mr B says that Vanquis applied a block to his card which they won't remove due to him being in persistent debt. He says this impacts on him clearing the outstanding balance as he tried to transfer his outstanding balance to a third party company, but this failed.

Mr B contacted Vanquis in December 2020, to ask them about this. He says the initial call handler he spoke to told him the balance transfer may have failed due to his address not being accurate, which Mr B didn't think was the case. He then spoke to another call handler who he says told him that he wouldn't be able to transfer his balance since there was a block on his credit card. Mr B says the call handler refused to remove the block so his balance could be transferred elsewhere. Mr B says as a result of this, he is paying high interest to Vanquis when he should've been able to transfer the balance to a third party provider on an introductory 0% balance transfer interest rate.

Mr B made a complaint to Vanquis. He said that he did not receive correspondence from them about his card being blocked and hasn't received all of the letters that Vanquis say they've sent him about persistent debt. He doesn't believe that he should be considered as being in persistent debt due to the payments he's made. He referred them to a call he had with them on 15 December where he told them he received poor customer service on this call.

Vanquis partially upheld his complaint. They said they would credit £25 to his Vanquis account due to them not being able to locate a call he had with them on 15 December 2020, so they couldn't review the service they gave him. They also explained to Mr B that communications had been sent to him, that he was at risk of having his card suspended if he didn't make a payment agreement with them, which he hadn't. The letter said that he would be out of persistent debt when the outstanding balance was zero.

Mr B brought his complaint to our service. Our investigator did not uphold the complaint. She said that Vanquis had sent Mr B correspondence to say the card would be blocked by 1 October 2020, if he didn't respond to the letter. They also said they had sent Mr B persistent debt letters when required by the regulator – the Financial Conduct Authority (FCA) and so she said Vanquis hadn't done anything wrong.

Mr B said that he wanted an Ombudsman to review his complaint as he hadn't received

some of the letters which Vanquis said they sent. He said he never considered himself to be in persistent debt and his statements prove he has always made his payments and extra payments. Mr B said he was told on the call on 15 December that the reason the balance transfer failed is because there was a block on the card. The outstanding balance of the credit card has since been paid off.

As my findings differed in some respects from our investigator's, I issued a provisional decision to give both parties the opportunity to consider things further. This is set out below:

"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Mr B has made a number of points to both Vanquis and this service and I've considered and read everything he's said and sent us. But, in line with this service's role as a quick and informal body I'll be focusing on the crux of his complaint in deciding what's fair and reasonable here.

The first thing I've considered is whether Vanquis should have placed a persistent debt block on his account. I know Mr B feels strongly that he wasn't ever in persistent debt and didn't consider himself to be in persistent debt. But Vanquis have to follow the rules set by the FCA. This includes their definition of what persistent debt is (which includes a customer paying more in interest and fees over a set period of time compared to paying off the principle balance). I'm satisfied that Vanquis followed these rules here and I'll explain why.

I've looked at the figures from March 2017, which Vanquis have explained was the starting point here. The figures that I've been provided with show that from March 2017 - 3 March 2020, payments from Mr B between these dates totalled £4,680.43. The interest and charges during this timeframe were £2,604.38. So as Mr B had paid off £2,076.05 off his principle balance (£4,680.43 payments, minus £2,604.38 interest and charges), this meant he had paid £528.33 more (£2,604.38 interest, minus £2,076.05 towards his outstanding balance), in interest and charges over this timeframe and this would therefore meet the FCA definition of him being in persistent debt. So I'm satisfied that Vanquis had to place the persistent debt block on his account in these circumstances to fulfil their duties set by the FCA.

Vanquis have explained that once the persistent debt block is in place, the only way it can be removed is if the balance is fully repaid - if nothing had been agreed to get the account out of persistent debt.

So I've looked at the communications which Vanquis sent prior to this and to see if anything had been agreed. Vanquis had sent several letters to Mr B. But it appears that when he changed his address with Vanquis, his address wasn't changed to the exact address he instructed them to send correspondence to. So it is difficult to say what Mr B received and didn't receive. Even when he contacted them again about his change of address and it was amended, it wasn't amended to the address exactly how he gave it to them.

But I am persuaded that Mr B knew he was considered to be in persistent debt. I can see that Vanquis sent him a text message in August 2019 informing him of this and a one off figure he needed to pay in addition to his monthly payment to come out of persistent debt.

After Vanquis sent Mr B a letter in March 2020, explaining that he would need to increase his monthly payment to approximately £270 to retain the use of his credit card, he completed an income and expenditure assessment which Vanquis confirmed they received by text message to him on 10 March 2020.

From the figures Mr B provided in March 2020, he input zero for all of the figures, which would suggest he didn't have the affordability to pay higher payments for the persistent debt block to be removed and the ability to still use his card. So even if he did start to pay off higher monthly payments around this time to his account, I can't hold Vanquis responsible for the figures he provided to them, showing he had no income at the time. As the figures showed he had no income then it would have been irresponsible for Vanquis to have made an arrangement with Mr B here.

I've also considered, that because of the pandemic, Vanquis delayed suspending the card and wrote to Mr B in September 2020, to give him another opportunity to increase his payments to £270 a month if he completed another income and expenditure assessment. But I'm not persuaded that Mr B received this letter as he didn't respond to the deadline of 1 October 2020, when he had previously responded to communications from Vanquis. So, as previously mentioned, as the address did not match up to what Mr B had given them, I can't say it was the postal system's fault that Mr B says he didn't receive this letter.

It's difficult to say whether Mr B would have been able to afford the increased payments consistently as he previously input zero figures just six months earlier, for his income. But he was making payments to Vanquis during this time. On occasions he made payments a lot higher than £270 a month and on occasions he made payments a lot lower than £270 a month. Mr B hadn't paid the higher payments suggested previously when he did receive communication from Vanquis - which may suggest he was unable or unwilling (such as his email to them in July 2019) to make the higher payments. But as Mr B's last communication with Vanquis was the income and expenditure which didn't show any income, I'm not persuaded that Vanquis were unfair for not removing the persistent block here.

I've considered how Mr B attempted to transfer his balance to a third party but he was told conflicting information about this. There is no doubt that this will have been frustrating for Mr B as he was told the persistent block was stopping a balance transfer and then he was told the balance transfer didn't go through because the address on file didn't match up. I've been in communication with Vanquis regarding this issue as Mr B is aware. Vanquis have explained to me that the persistent debt block wouldn't stop a balance transfer from completing, but, due to how the third party provider Mr B used in this instance to process the balance transfer, have processed the transfer, then they are aware of this issue with the specific provider only. Vanquis have confirmed they're not aware of a specific reason why this is - as it isn't part of their internal processes.

I know that Mr B strongly believes that this explanation is nonsensical. But I'm persuaded that this isn't a result of a Vanquis system fault. I say this as I had not disclosed to Vanquis the provider that Mr B was trying to transfer his balance to when they told me they were aware of only one provider who's systems wouldn't be able to process a balance transfer when a persistent block was on an account. So I'm not persuaded it would be fair to ask Vanquis to refund the interest on his account as Mr B wants them to, based on the individual circumstances here as I can't hold them responsible for third party systems.

But I am satisfied that Vanquis provided poor customer service to Mr B. I say this as his address was not changed to the exact address he gave them, even when Mr B told them to amend his address months after he had originally instructed them of his change of address. So it is difficult to say which important pieces of information Mr B missed out on because of this.

Mr B was also told conflicting information about why his balance transfer didn't go through. I'm satisfied that this would have been frustrating for Mr B, at a time when he wanted to move his balance elsewhere. So I think it would be fair for Vanquis to recognise the impact these issues would have had on Mr B. Vanquis should provide Mr B with further

compensation of £250. I say this as the £25 they credited to Mr B's account on 23 December 2020, was in relation to a call recording they could not find. I'm not persuaded that this reflects Mr B's address being incorrect for a number of months on their system, at a time where some very important letters were being sent out, or the conflicting information that Mr B had received more than once regarding his balance transfer. So it follows I intend to ask Vanquis to put things right."

I invited both parties to let me have any further submissions before I reached a final decision. Vanquis replied and said they had no further comments to make. Mr B replied and he said that while he didn't agree with my provisional decision, as the matter has taken a long time, he will accept the compensation proposed.

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.

As neither party have presented me with any further information to consider, then my final decision and reasoning remains the same as in my provisional decision.

Putting things right

In my provisional decision I said I intended to ask Vanquis to pay Mr B a further £250 for distress and inconvenience. I'm still satisfied this is a fair outcome for the reasons given previously.

My final decision

I uphold the complaint. Vanquis Bank Limited should pay Mr B a further £250.

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

Gregory Sloanes
Ombudsman