

The complaint

Mr G complains Vanquis Bank Limited mis-sold a repayment option plan. He's also unhappy with the way Vanquis managed his credit card account, and the level of customer service they provided.

What happened

Mr G had a credit card account with Vanquis. In November 2021, he called them to find out his outstanding balance. During this call, Vanquis' adviser told him his account had been passed to a debt collection agency but was now back with them. Mr G said he wasn't aware this had happened and was unhappy he'd not been told about it.

When trying to find out why his account had been managed this way, Mr G was unhappy with the explanations given by Vanquis' advisers and the level of customer service they were providing. Because of this, he raised several concerns. These were:

- Vanquis mis-sold him a repayment option plan.
- Only the interest charged for the repayment option plan was refunded, and that the refund wasn't paid to him directly.
- Vanquis didn't tell him when his account was passed to a debt collection agency, or when his account came back to them.
- He lost use of his credit card.
- Vanquis failed to answer all his complaint points and addressed them over several complaints.
- Vanquis' advisers had discriminated against him and provided poor levels of service.

Vanquis issued a total of six final response letters addressing Mr G's concerns. They said:

- The Financial Conduct Authority only obligated them to refund the interest charged on the premiums of his repayment option plan.
- Mr G was sent correspondence saying his account could be passed to a debt collection agency after he broke the repayment agreement.
- His account was passed back to Vanquis after the debt collection agency was unable to recover the full outstanding balance.
- Vanquis were satisfied their advisers had acted courteously to Mr G, but they awarded him a total of £125 for mistakes they made when dealing with his complaints.

Mr G remained unhappy, so he brought his complaint to our Service.

Our investigator didn't think we could investigate Mr G's complaint points about the repayment option plan because they'd been raised too late. He also explained our Service didn't have the power to make a finding on what refund Mr G was entitled to for his repayment option plan.

The investigator considered Mr G's other concerns but didn't think the complaint should be upheld. He was satisfied Vanquis had treated Mr G fairly when managing his credit card account and felt Vanquis' advisers had acted professionally. Our investigator also felt Vanquis' offer of £125 was fair in recognising the inconvenience caused by their mistakes when dealing with Mr G's complaint.

Mr G disagreed with our investigator's findings, so his complaint was passed to me for 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.

Mis-sale of the repayment option plan

The Financial Conduct Authority (FCA) sets the rules that explain which cases we can investigate. The relevant rule for this complaint point is DISP 2.8.2. This says we can only investigate a complaint raised within:

- Six years of the event complained of; or if later,
- Three years of the consumer becoming aware, or when they ought reasonably to have become aware they had cause for complaint.

Mr G says the repayment option plan was mis-sold, so this is the event complained of under the six-year part of the rule.

The evidence I've seen suggests the repayment option plan was added to Mr G's credit card account when it was opened on 23 August 2010. This means he had six years from that date to raise a complaint about it, so it had to be done by 23 August 2016.

I've not seen any evidence to persuade me Mr G complained about the repayment option plan before 5 November 2021. So, I consider he complained too late under the six-year part of the rule.

The next thing I had to consider is the three-year part of the rule. So, I've had to decide when Mr G became aware, or ought reasonably to have become aware he had cause to complain about the mis-sale of the repayment option plan.

Mr G has told us he's unsure of when he became aware of the repayment option plan. However, Vanquis has sent us evidence that shows Mr G called them to cancel the repayment option plan on 12 December 2013. I've also seen that they wrote to him on 20 December 2013 to confirm it had been cancelled.

The evidence suggests Mr G cancelled the plan himself on 12 December 2013. Because of this, I think that is the latest he ought reasonably to have been aware he was unhappy with the repayment option plan being added to his account without his knowledge. So, under the three-year part of the rule, he had until 12 December 2016 to raise his complaint.

As mentioned above, Mr G complained about this in November 2021, so he still did so too late under this part of the rule.

The FCA rules say we can investigate complaints that have been raised late if the delay was caused by exceptional circumstances. Mr G has said he didn't complain sooner because he's unsure if he was receiving his credit card statements by post or email when he had the

repayment option plan. He's also been very open with us and explained he has a learning disability which may have impacted his ability to complain.

I've taken on board the points Mr G has made. But I've not been persuaded they amount to exceptional circumstances within the meaning of DISP. That's because the bar for exceptional circumstances is very high. This is demonstrated by DISP 2.8.4 that says, "An example of exceptional circumstances might be where the complainant has been or is incapacitated."

The fact Mr G was able to contact Vanquis to cancel the repayment option plan demonstrates he was aware of it in December 2013. And, as I've mentioned above, Mr G cancelling the plan himself demonstrates he didn't want it at that time. So, he also would have known at that time if he was unhappy with the way it was added to his account. This means that at the time he cancelled the policy, he could have told Vanquis he was unhappy with the way it was sold. I say that because he merely had to express his dissatisfaction to Vanquis for them to treat his concerns as a complaint.

Given the above, I don't consider we can investigate Mr G's complaint about the mis-sale of the repayment option plan. That's because he complained too late.

Refund for the repayment option plan

In early 2016, the FCA looked into the sale of repayment option plans. They believed things could have been clearer when these plans were sold. Because of this, they created a fund for consumers to receive refunds on any interest that was charged on the cost of the plans. This is why Mr G received a refund of just over £700 in November 2018.

As the scheme was set up by the FCA, our Service doesn't have the power to investigate what refunds consumers were entitled to.

Mr G has explained he's unhappy the refund of interest was used to reduce the outstanding balance on his credit card. I appreciate why Mr G would have liked the £721.39 paid to him directly. But when a consumer has an outstanding debt, it's not unreasonable for a financial business, like Vanquis, to use any refunds to reduce the amount owed. Ultimately, Mr G still benefitted from the refund. But it just didn't happen in the way he may have hoped. It's for this reason, I don't consider anything further needs to be done regarding this complaint point.

Management of Mr G's credit card account

Mr G is unhappy with the way Vanquis managed his credit card. He's complained Vanquis didn't contact him before passing his account to a debt collection agency or tell him before his account was returned to them. Mr G is also unhappy that he lost use of his card.

In late 2016 Vanquis agreed a repayment plan with Mr G after he fell into financial difficulties. However, from August 2016 Vanquis issued several notices of default as Mr G didn't keep up with the repayment plan. This resulted in his account being defaulted in December 2018.

I've seen copies of the default notices sent to Mr G and they explained Mr G's account could be passed to a debt collection agency if his arrears weren't cleared. Given the arrears weren't cleared in time, and his account defaulted, I can't agree Vanquis did anything wrong when it passed Mr G's account to a debt collection agency in December 2019.

I can understand why Mr G would have liked to have received an update from Vanquis when they passed his account to a debt collection agency. I would expect steps to be taken to ensure consumers are aware of which business is managing their account. However, it isn't uncommon for debt collection agencies to write to consumers once they've taken over an account. Because of this, it's been somewhat disappointing to see that Vanquis haven't taken steps to demonstrate whether the debt collection agency that took over Mr G's account reached out to him in December 2019.

Vanquis has explained Mr G's account was passed back to them in July 2021 after the debt collection agency was unable to recover the funds and clear what Mr G owed. Ultimately, it's for Vanquis to decide what their debt collection processes look like. I've seen nothing to suggest Mr G's account was treated differently to others with similar circumstances. Because of this, I can't agree it was wrong for Vanquis to use a debt collection agency, and subsequently take Mr G's account back when the debt wasn't cleared. However, having reviewed the contact notes provided by Vanquis, I've not seen anything to show they contacted Mr G in July 2021 to let him know his account was back with them. It seems that he first became aware of this when he called Vanquis in November 2021 asking for an update on his outstanding balance.

As mentioned above, I'd expect financial businesses to take steps in ensuring their customers are aware of who is managing their account. So, I don't consider it was unreasonable for Mr G to be unhappy when he felt his account had been to and from a debt collection agency without his knowledge.

Having considered everything, I don't consider I've seen enough evidence to persuade me Vanquis did all it could to keep Mr G properly updated about who was managing his account, and when. But I'm not persuaded the lack of clarity had a sufficiently detrimental impact on Mr G to warrant an award. I say this because he hasn't told us about any difficulties he encountered while trying to manage his account. The contact notes and contents of the relevant call recordings between Mr G and Vanquis persuade me Mr G only had concerns after he found out about the involvement of a debt collection agency in November 2021.

Mr G has also raised concerns about being unable to use his credit card after his account was passed back to Vanquis. Having reviewed the letters Mr G received concerning his repayment plan and the notices of default, I'm satisfied that he ought to have been aware he wasn't supposed to use his card from late 2016.

The letters confirming Mr G's repayment plans explained the plan would come to an end if Mr G used his credit card. Those letters also advised him to find alternative methods of payment if he had any on-going subscriptions that were normally paid from his credit card account. Also, the notice of defaults he was sent said "No further use of this account is permitted at this time." Vanquis used the address we have for Mr G on file. It's possible these letters weren't received by him; but I don't consider it would be fair to hold Vanquis responsible for any issues there may have been with Mr G receiving post – particularly as I can't see that Vanquis were made aware of any problems.

It's not disputed that Mr G had outstanding arrears he'd been struggling to repay, and that his account had been defaulted. This means his agreement with Vanquis had been broken. Because of this I don't consider Vanquis treated him unfairly by preventing him from making further transactions with his credit card account. This isn't unusual – in fact, I consider it was appropriate given Mr G's financial circumstances and the steps he'd been taking to manage his outstanding credit card debt effectively.

Considering the above, I won't be asking Vanquis to do anything to put things right regarding this complaint point.

Level of customer service provided by Vanquis

Mr G is unhappy with the way Vanquis communicated with him, and the level of customer service they provided. He's also said their actions amount to discrimination.

Our Service is unable to make findings on whether any actions or omissions amount to discrimination under the Equality Act 2010. That's because we're an informal Service, and only a Court can make a legal finding based on the definitions set out in the Act. However, I can consider whether Vanquis treated Mr G fairly and reasonably, and when doing so, I can take the Equality Act 2010 into consideration.

Having listened to the relevant calls between Vanquis' and Mr G, I'm satisfied their advisers were professional and polite in all the calls I've listened to. I consider the advisers maintained their professionalism, and I'm satisfied they asked relevant questions to ensure they properly understood Mr G's concerns. They listened to his answers so that they could advise him as best they could and did so in a clear manner. Vanquis' advisers did this despite the multiple examples I've heard of Mr G shouting, swearing, speaking over the advisers, and calling them offensive names – even after he was asked to stop multiple times.

I appreciate Mr G was unhappy with Vanquis. However, I would have expected him to remain polite and courteous when speaking with their advisers. I consider Mr G's behaviour during most of his calls was unacceptable and contributed to the problems he experienced. I've had to take this point into consideration when deciding what needs to be done to resolve things.

While I'm satisfied with the way Vanquis communicated with Mr G, there were occasions where they made mistakes.

Mr G has complained Vanquis addressed his concerns over several final responses. He's said this made things difficult for him to understand due to his learning disability. Having reviewed all the evidence, I agree there were occasions where Vanquis' advisers didn't correctly log his complaints. This resulted in him having to call Vanquis to clarify why they hadn't properly addressed his complaint points. Also, one of their final responses didn't reach Mr G because they'd spelled his email address incorrectly.

I can't see that Mr G made Vanquis aware of his learning disability before December 2021. This means they wouldn't have known logging multiple complaints was unhelpful for him. It also means they had limited opportunity to make reasonable adjustments. However, once they were made aware, Vanquis' advisers apologised for any distress they may have caused. They also told Mr G he could refer his complaint to our Service if he remained unhappy with the way they were addressing his complaint. Vanquis taking steps to quickly acknowledge what Mr G had told them was the right thing to do in the circumstances.

But as I've said above, Vanquis still made mistakes, and these were disappointing to see. Given Mr G was already unhappy, I can understand why these mistakes made him more frustrated, and why they caused him to make further calls to them. Because of that, it's only fair Vanquis took steps to put things right.

Vanquis acknowledged their mistakes in their final responses sent in December 2021 and February 2022. They offered Mr G a total of £125 in recognition of the distress and inconvenience their mistakes caused him. Taking everything into consideration, I'm satisfied the £125 award was reasonable for those mistakes. It's in line with what I would have suggested to recognise the additional time and effort Mr G spent trying to resolve his complaint.

I should also add that I've spotted a further mistake in the handling of Mr G's complaint. When Mr G called Vanquis on 10 November 2021, he told the adviser someone had called him after he'd logged his complaint on 5 November 2021. During this conversation the adviser said she couldn't see a note of this call. However, they both agreed this call most likely took place on 6 November 2021, and the adviser agreed to add this to his complaint so that the final response would confirm who called him on that date. Disappointingly, the 15 November 2021 final response letter incorrectly commented on whether Vanquis had called Mr G on 10 November 2021. This date was repeated by Vanquis' adviser during his call with them on 19 December 2021.

As mentioned above, Vanquis has sent me recordings of calls they've had with Mr G. One of these calls is dated 6 November 2021. This means Mr G was correct when he said an adviser had called him about his complaint on that date. Mr G frequently asked Vanquis' advisers to make clear notes of his specific questions. So, it's disappointing to see this didn't happen or that his calls weren't thoroughly reviewed before Vanquis gave Mr G an answer.

While I've spotted an additional mistake, I'm not minded to increase the award Vanquis has already offered. This is because I've had to determine what's fair to both parties. To do that I've had to consider Vanquis' mistakes alongside Mr G's behaviour. Having done that, I don't think it would be fair or reasonable to award an additional amount to put things right. Mistakes were made by both parties, and I'm satisfied enough has been offered to resolve this complaint.

So far, Vanquis has paid Mr G £75 of the £125 award they offered. Vanquis has said it's happy to pay Mr G the outstanding £50. So, I consider Vanquis should pay Mr G the remaining £50 to put things right.

My final decision

My final decision is that I'm upholding Mr G's complaint.

Vanquis Bank Limited has already made an offer to pay a total of £125 to settle Mr G's complaint, but £50 of this is yet to be paid to him.

So, Vanquis Bank Limited should pay Mr G £50.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 16 February 2023.

Sarrah Turay
Ombudsman