

The complaint

Mr H complains Vanquis Bank Limited sold his credit card account to a debt collection agent (who I'll refer to as L) without telling him.

What happened

As a result of problems in Mr H's industry he unfortunately found himself in financial difficulties for some time. Mr H called Vanquis on 21 March 2022 and agreed to start making repayments of £100 per month as he was now in a better position. This repayment plan was accepted by Vanquis over the phone.

As I understand it, Mr H's account was then sold to L on 30 March 2022. He found this out because he contacted Vanquis on 15 April 2023 following repeated contact from L. And, when finding out Vanquis had sold his account to L so soon after agreeing a repayment plan he'd subsequently kept to, he complained.

Vanquis said on 22 December 2020 a Notice of Default (NoD) was sent to him giving him a deadline to contact them regarding the arrears that'd built up. Vanquis said within this NoD, they explained they may register a default against his credit file, pass his account to a debt collector, or assign (sell) his account to a debt purchaser. And, when an account is sold, it's the debt purchaser's responsibility (L in Mr H's case) to contact him and let him know. As Mr H's account hadn't been sold when he made the agreement, Vanquis didn't think they'd done anything wrong.

Mr H asked us to look into things. One of our Investigators did so, but didn't think Vanquis had done anything wrong.

Mr H ultimately didn't accept this – saying Vanquis had reneged on their contract but didn't tell him this. He also raised a large number of other issues including:

- Vanquis not passing his £100 monthly payment over to L in a timely fashion
- This led to the default not being marked as settled as early as it should have done
- It also led to more negative entries being recorded than there should have been
- And it led to an overpayment being made

As our Investigator explained, these issues aren't ones which were part of this case. That means I won't be considering them in this decision. If Mr H wants to pursue matters, he'll need to have complained to Vanquis and / or L regarding the various issues, and then refer them to us within the stipulated six-month timeframe.

As Mr H didn't accept our Investigators answer regarding the complaint our service can consider, it's now been passed to me to decide.

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.

The starting point in Mr H's case needs to be whether Vanquis were allowed to sell the account to L as they did.

The terms and conditions of the account allow Vanquis to sell the account to another provider. This is quite common in the credit industry and usually happens when the lender has decided the relationship has broken down to the point they're not likely to get their money back anymore.

So, I'm satisfied Vanquis didn't do anything wrong in selling the account – and generally it would be the debt purchaser who tells the customer of the sale. So, usually it'd have been L in this case who would have told Mr H his account had been sold to them.

The remaining issue to consider, is whether Vanquis should still have been allowed to sell his account to L given he'd made a repayment plan with Vanquis nine days earlier.

Mr H has said Vanquis made a contractual agreement with him on the phone when they agreed to take his payments. I can't quite consider matters in those terms, because although I'm required to take into account the law, as well as relevant rules, regulations and good industry practice at the time, I'm required to decide things on a fair and reasonable basis.

That means the question I need to answer is whether Vanquis have acted fairly and reasonably in selling Mr H's account after he made a repayment plan.

My understanding from Vanquis' information is the reason they did this is because the person who agreed the repayment plan with Mr H wouldn't have known the account was due to be sold in nine days.

Mr H's account had been registered as in default in April 2021. So, I don't think it was unreasonable of Vanquis to decide to sell the account 11 months later, and I accept their explanation the adviser didn't know the account was due to be sold. Ultimately, as Vanquis are allowed to sell an account whenever they like agreeing a repayment plan wouldn't mean they can't. Because of that I can't say they've acted unfairly or unreasonably in doing so. I can though see why Mr H wouldn't have expected this given he'd just made the repayment agreement – and I understand he'll be disappointed in the outcome I've reached.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 9 January 2024.

Jon Pearce
Ombudsman