

The complaint

Mr S complains that Vanquis Bank Limited sold his account to a third party without notifying him.

What happened

Mr S says his Vanquis credit card account was sold to a debt collection company without him being notified. He says he had been recently hospitalised but has now secured employment and is in a position to make regular repayments. Mr S says this is having a severe effect on his mental health and Vanquis was aware of his vulnerabilities.

Vanquis says it asked Mr S to complete an affordability assessment when they spoke on 16 February 2024, and he said he was struggling financially. It said it would then be able to set up a payment arrangement and stop interest and charges. However, Vanquis says Mr S never responded and, following a default notice giving 28 days to make a payment or set up an arrangement, the account defaulted on 1 April 2024. It says it was then sold to a third party debt collection agency on 14 May 2024.

Our investigator did not recommend the complaint should be upheld. He found Vanquis had sent multiple letters about the status of Mr S's account and that it had not made an error when it was defaulted. He said that Vanquis was entitled to sell the account to debt collectors as per the terms and conditions of the account.

Mr S responded to say, in summary, that he is now being forced into applying for bankruptcy when he would be willing to make arrangements with Vanquis.

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 S last made a payment on his account in November 2023. He called Vanquis in late December to say that he was in hospital and, although he did want to make a payment, he didn't have his wallet with him. Mr S said he would make the December payment as soon as he could, and Vanquis agreed to waive any late payment charge.

When Vanquis called him again on 5 January, Mr S provided a health update and said he had a meeting with his employer a few days later to discuss his position. Mr S requested a call back on another day.

On 9 January 2024, Vanquis sent Mr S a letter about the missed payment and asked him to make contact. This was followed by further letters on 2 and 9 February 2024, when Mr S also failed to make January's payment.

Mr S called Vanquis on 16 February 2024 and said he had started a new job on 1 February but would be in financial difficulties for a further four months. He said he didn't have time to complete a financial review on the phone and asked for it to be sent via email, which Vanquis then did.

Vanquis sent a further letter about the missed payments on 26 February 2024 and then, following February's missed payment, it sent the default notice on 1 March 2024, giving Mr S 28 days to pay the arrears, or to get in contact. The letter explained that a default may be applied to the account, and it may be transferred to a debt collection agency.

When Vanquis received no further payments and had heard nothing from Mr S, it defaulted the account on 1 April 2024 and sold it to a debt collection agency on 14 May 2024.

Although I acknowledge Mr S had discussed the reason for his health issues in December 2023, he was talking about a return to work in January 2024 and said he had a new job at the beginning of February. I'm satisfied Vanquis attempted to agree a payment arrangement with Mr S, but when it heard nothing further from him after 16 February it continued with its collections process. I don't find it did anything wrong in that respect.

Mr S says he didn't receive the relevant letters, but I've seen evidence to show they were sent to the correct address – an address Mr S confirmed himself in the February call. I note Mr S did notify Vanquis of a change of address on 30 May 2024, but this was after the account had been sold to the debt collection agency.

Finally, Vanquis has said there is little chance of being able to buy the debt back, however, it said the third party would support Mr S to repay the debt and get the account closed.

My final decision

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 15 January 2025.

Amanda Williams
Ombudsman