

complaint

Mr B complains that Vanquis Bank Limited suspended his credit card.

background

Mr B had a credit card account with Vanquis. In 2013, he did not make all the payments due, and the account was passed to its Collections department.

Mr B lost his credit card in January 2014. He says he asked Vanquis for another one. The card had been due to expire in June 2014. Vanquis would not replace the card as the account was with Collections. It says Mr B did not contact them about a new card until June. He was informed in error by Vanquis that a new card would be sent to him.

Vanquis wrote to Mr B on 10 January, 12 February and 11 April 2014 to tell him that the payments due on his account were overdue. He was told the card was stopped until payment had been made.

Vanquis made an offer in February 2015 to Mr B. It said he could repay 70% of the outstanding balance, or set up a regular monthly repayment. Mr B has not agreed to either of these options. As a result, Vanquis has passed the balance to an outside collections company to recover the balance due.

Mr B says that he has not been able to use the account since early 2014. In light of this, Vanquis should not have continued to add interest and charges to his balance.

Mr B brought a complaint to us to consider. The adjudicator did not recommend that the complaint should be upheld. He considered that Vanquis was allowed to suspend the account when the minimum payments were not being made by Mr B. Vanquis was also entitled to add interest and charges to the balance when payments were not being made by Mr B.

Mr B is not happy to accept the adjudicator's recommendations. He says, in summary, that he always made payments to his card. These were late so he incurred a late payment fee. He says he made some payments in 2014. Mr B asked about a new card in October 2014. He was told his account was suspended. Mr B complained to Vanquis. He has not made payments since then as he is in dispute with them. Mr B wrote three letters trying to sort the matter out. Vanquis agreed to refund £12 and offered an apology.

Mr B points out that Vanquis only offered to reduce his balance by one third after he complained to us. Mr B says he does not have the money to pay off the remaining two thirds of his balance in one lump sum. Mr B says the reduction in the amount he has to pay is an admission Vanquis has done something wrong.

If Mr B had been told his account was suspended, he would have asked Vanquis to reduce the interest rate and enter into a repayment plan with him.

The adjudicator issued a second view in response to these comments. The adjudicator explained that the statements sent to Mr B show that whilst payments were made to the account, they were intermittent. The account was running with a balance higher than the agreed credit limit.

The adjudicator considered that Vanquis had the right to suspend the account under the terms of the credit card.

The adjudicator explained that the statements for the account show that Mr B last made a payment to it in 13 May 2014 by debit card. Further a number of letters were sent to M B from Vanquis to tell him that his card had been stopped and he could not use it.

Finally the adjudicator considered that it is not unusual for a business to offer a solution to repay a debt in full or on a monthly basis. It showed Vanquis were willing to offer a realistic solution to allow Mr B to repay the debt. This offer has expired however, and Vanquis has sold the debt to a third party for collection.

In response, Mr B sent in statements to show that he had made two more payments to reduce his balance in 2014. These were made in July and August. Mr B says Vanquis should not have sold the debt on while he was in discussions with us.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

Mr B explains that he is self employed, and cash flow can be a problem at times. This meant that he was not always able to meet the minimum payment due on his account. There were some months when he was able to pay a sum to reduce the balance, and other months when he couldn't. This meant that his balance was over his credit limit in 2013 and 2014. Because of this, Vanquis took a decision to suspend his account. Whilst I understand this was inconvenient for Mr B, Vanquis was entitled to do this when he was not making regular payments to reduce his balance. It was permitted by the terms and conditions of the account.

The decision as to when a business offers credit to its customers is a matter for its commercial judgement. We don't have the power to tell Vanquis that it has to keep an account open when a customer is not making the minimum payments that are due. The fact that Mr B has made a complaint to us does not mean that he can stop making payments to reduce the balance.

I consider that the letters sent to Mr B made it clear that his account had been suspended.

The terms and conditions of the account allowed Vanquis to add interest and charges to the balance when payments were not made. I appreciate that the nature of Mr B's work made it difficult to make regular payments. However, Vanquis was entitled to add interest and charges to his account when this happened. This was even when the account was suspended. In the circumstances, there are not any grounds on which I can tell it to remove them.

I do not consider that Vanquis' offer to reduce the balance by a third meant that it was admitting it had acted in error. I consider that it was an attempt by it to help Mr B pay off his balance at a reduced sum.

Vanquis was entitled to sell the debt onto a third party to see if it could recover the money due to it when Mr B was unable to pay off the reduced balance.

my final decision

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr B to accept or reject my decision before 24 August 2015

Rosemary Lloyd
ombudsman