

## **complaint**

Mr H complains that he tried to activate the Repayment Option Plan ("ROP") on his credit account issued by Vanquis Bank Limited when he was made redundant. The ROP wasn't activated and the debt was transferred to a debt collection agency. Mr H has asked for compensation for the charges and interest paid, for his credit history to be corrected and for Vanquis to recall the debt from the debt collection agency to put the ROP in place.

## **background**

Vanquis tells us it operates a ROP which allows the consumer to apply to freeze an account if he/she suffers a "*Difficult Financial Circumstance*" such as involuntary unemployment. To help make its decision about the application, Vanquis needs to see "*reasonable evidence*" at regular intervals to show the difficult financial circumstances are still current. And the freezing of the account can be backdated by 90 days. The ROP freezes the account so it can't be used. And no interest, fees or charges will be applied and there is no need to make any repayments. This can continue for up to 2 years.

Vanquis told us that Mr H requested a ROP application form on three separate occasions in November and December 2013 and again in February 2014 because he had been made redundant. But it doesn't believe that Mr H completed and returned any of the forms. So the ROP was never put in place and Vanquis eventually transferred the debt to a debt collection agency in April 2014.

Mr H told us he completed and returned the form in November using a reply paid envelope with a pre-printed address. When he received no reply from Vanquis, he requested the ROP form again. He says he didn't receive the second form sent to him in December. But he did receive the third ROP form in March 2014 which he sent back a few days after he received it. Vanquis responded with a Notice in Default.

The adjudicator gave a detailed opinion. Vanquis answered some of the adjudicator's points but its responses didn't really support the bank's position. The adjudicator thought the complaint should be upheld because Mr H had tried to activate the ROP several times, he had produced enough evidence to show he had been made redundant and that Vanquis had defaulted the credit account too early because the ROP would've been in place to protect Mr H. So in this case, Vanquis could do more to put things right.

Vanquis disagreed with the adjudicator's view because it hadn't received enough evidence that Mr H was in work or that he had been made redundant. It also said the debt had now been sold on and it couldn't amend the credit file. Vanquis asked for the matter to be looked at again by an ombudsman.

## **my findings**

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

I've decided to support this complaint for the reasons I've set out below.

It is clear to me from the Vanquis contact notes that Mr H tried several times to get the ROP form as early as November 2013. So I think he made it clear to Vanquis that he had been made redundant in July and wanted to take advantage of the ROP. There was some

confusion about whether Mr H had sent the first form back to the right address. But I accept that Mr H had used a reply paid envelope. And even if his letter had been incorrectly addressed, it was still sent to Vanquis and I would've thought it could've been passed to the correct department to be processed. So I don't think Vanquis treated Mr H fairly because it failed to set up the ROP when he requested it in November 2013.

I also think that Mr H has sent in enough documents to show he was claiming a Jobseeker's Allowance from July 2013 to 22 July 2014. This included a short gap of around 2 months from November 2013 to January 2014 when he had a temporary job. I don't think these details are now disputed. But Vanquis said there is no proof that Mr H was actually made redundant – he might have been dismissed – and I presume the ROP wouldn't then apply.

But I've noted Mr H's persuasive evidence about the circumstances surrounding the liquidation of his employer's company and his redundancy. And I think his account has been strong and consistent. So I think he has shown he was working for a company whose liquidation then lead to his redundancy. And I think that Mr H would've been eligible for the ROP.

I also think it would be unfair for any interest and charges to be applied to the account from 22 July 2014 or for Vanquis to apply a default to Mr H's account in July 2014. This is because I don't think Mr H would've defaulted on his account if the ROP had been activated correctly when he applied for it in November 2013.

This means that I support this complaint.

### **my final decision**

My final decision is that I uphold this complaint and I make the following order against Vanquis Bank Limited.

I require Vanquis Bank Limited to do the following:

- Backdate the ROP for 90 days from 7 November 2013 so that the ROP starts on 7 August 2013.
- Recalculate the account as though the ROP was active from 7 August 2013 to 24 November 2013 and from 15 January 2014 to 22 July 2014.
- When recalculating the account, do not backdate interest or charges on the account to July 2014.
- When recalculating the account, do not apply the default that would've been a consequence of the ROP not being activated.
- Any ROP charges, interest and fees charged on the account as a result of Mr H not being able to activate the ROP should be refunded.

- Take back responsibility from the debt collection agency for pursuing any debt.
- Remove any negative records from Mr H's credit history file which were added as a result of the ROP not being activated.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr H to accept or reject my decision before 15 May 2015.

Amrit Mangra  
**ombudsman**