

complaint

Mr E complains about the credit card he had with Vanquis Bank Limited ("Vanquis").

background

For ease, in my decision I will refer to Mr E when talking about him or his representative.

In 2016 Mr E applied online for a credit card with Vanquis. Vanquis then phoned him and asked some further questions before approving his application with a £150 limit.

Mr E used the credit card throughout 2018. But in late 2018 he stopped making payments towards his debt. Vanquis wrote to him alongside his statements to make him aware of this. In the letters they told him to contact them if he was struggling to make his payments. But no payments were made and the credit card defaulted in early 2019.

Mr E later came to us with a number of complaints about Vanquis. These included:

1. He shouldn't have been sold the credit card. He said it was both unaffordable and irresponsible given his credit history.
2. The credit card was mis-sold to him because he wasn't given enough information.

Mr E showed us a report from a credit reference agency ("agency") which showed he had multiple defaults before he took out his Vanquis credit card.

We shared his complaints with Vanquis and asked them to respond. Vanquis didn't uphold them. They said they'd carried out proportionate checks to the amount of credit they gave. They'd confirmed Mr E's income at nearly £30,000 a year and checked his credit file. They said they were aware of a defaulted debt but that this was over three years before. They noted Mr E had no other active credit at the time.

Mr E remained unhappy and asked us to look at his concerns. Mr E also raised further complaints. These included:

3. That he wasn't given enough support by Vanquis when he was in financial difficulties.
4. That when he later contacted Vanquis to pay off the debt, they wouldn't let him do so.

Mr E told us that he called Vanquis in late 2018 to try to arrange a payment plan because they'd frozen his online account. But he said Vanquis wouldn't let him set up a plan until he used his credit card. He explained Vanquis had also frozen his credit card so he couldn't use it. Our investigator asked for more information about this. Mr E then told us that he spoke to several advisors at Vanquis to try and settle the account. But Vanquis told him he didn't owe anything, so he became fed up with chasing them.

Vanquis told us they had no record Mr E had ever contacted them about the debt. They said they'd tried to call him repeatedly and sent 15 letters about the debt but couldn't get in contact.

Our investigator thought Vanquis had acted fairly and didn't uphold any of Mr E's complaint. Mr E remained unhappy. So, it's been passed to me to decide.

Mr E has since told us that he didn't receive any correspondence about the debt.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Although a number of issues have been raised, this decision only addresses those I consider to be materially relevant to this complaint. But I've given careful consideration to all of the submissions made before arriving at my decision.

irresponsible and unaffordable lending

I've started by considering Mr E's concerns about whether he should have been given his credit card in the first place. We've set out our general approach to complaints about unaffordable/irresponsible lending - including the key rules, guidance and good industry practice - on our website. And I've referred to this when deciding Mr E's complaint.

The rules and regulations require Vanquis to carry out reasonable checks to establish if a customer can afford to repay the credit in a sustainable way. The checks should be proportionate - and this will depend on several things, for example, the amount to be borrowed.

Mr E said the lending was irresponsible given his credit history. I've reviewed the credit report Mr E provided us and it's clear that at that time, he had several defaults from earlier in 2016. So, I can understand why he said this. Yet Vanquis said they didn't have this information. So, I've looked at whether there's a reasonable explanation for this.

Vanquis's records suggest they used one of the three major agencies for their credit check. I've seen evidence of Vanquis's checks which don't show the 2016 defaulted debt. And I'm also aware lenders don't always report to all of the major agencies. So, it's not uncommon for debt to appear in one credit report and not others. Given this, I think it's likely Vanquis were unaware of the more recent defaults on Mr E's other credit files because the report they received didn't contain this information.

So, I've then considered whether the nature of the credit check Vanquis did was reasonable in the circumstances. Vanquis checked one of the three main agencies which is something I would expect. There's no requirement on lenders to check more than one agency. But as explained above, I would expect checks to be proportionate to the lending. However, this was a relatively low amount of credit and so I don't think it called for additional checks.

I'm also satisfied there was nothing in the application notes or the call with Mr E which would have given Vanquis reason to question the results of their check. For all of these reasons, I think Vanquis' credit check was reasonable in the circumstances. And given the information I've seen from the check, I'm satisfied that Vanquis's decision to lend to Mr E was not irresponsible. Whilst Vanquis didn't have all the information about Mr E's true financial position, I don't think this was because of anything they did wrong. So, I don't think they acted unreasonably.

Mr E also told us this credit card was unaffordable for him. The call recording and the application record show Vanquis asked several questions before approving Mr E's application. This included details about his income, living situation and whether his

circumstances were likely to change in the next six months. They didn't ask Mr E detailed questions about his expenses. But given the relatively low amount of credit given, I wouldn't necessarily expect them to. I've also seen evidence that their credit check suggested Mr E had no other active credit and that this was considered as part of his application. And based on my findings above, I don't think it's unreasonable they relied on this information.

So, having reviewed the evidence, I'm satisfied Vanquis took reasonable steps to check affordability. I'm also satisfied that based on the information they had, there was nothing to suggest the amount they lent was unaffordable for Mr E.

mis-sale

Then I've looked at how the credit card was sold, including the information given to Mr E.

I've reviewed the particular concerns he had about this, for example repayment costs and continuous payment authority. And I can't find any evidence which suggests to me the credit card was mis-sold. For example, the interest rates were outlined clearly during Mr E's phone call with Vanquis more than once. Mr E also signed a copy of his terms and conditions with this information when he applied online for the credit card. And Mr E was repeatedly asked on the application phone call if he had any further questions about his credit card or account. So, he was also given the opportunity to check information or ask about anything he was uncertain of.

So, I'm satisfied Mr E was either given the relevant information directly or given access to it in the documents provided to him. Overall, I don't think Vanquis did anything wrong here.

paying off the debt

Mr E told us he tried to contact Vanquis to pay off his debt or arrange a payment plan but couldn't. Vanquis have told us they have no record of any attempts by Mr E to contact them. Where evidence conflicts, I need to decide what's more likely to have happened.

Vanquis showed us account notes detailing their contact with Mr E and there is no record of any contact at that time. I also noted it would have been in Vanquis's interest to allow Mr E to pay his debt as this was money they were owed. All of this supports their account that Mr E never contacted them. And whilst we've asked Mr E for evidence of his attempts to call, he's been unable to provide this. Having reviewed Mr E's credit file, I can see he had other debt at that time which he was not making any payments towards.

So, whilst I can't say for definite what happened, I don't think there's enough evidence to support Mr E's account that he contacted Vanquis. Given this, I'm not persuaded Vanquis prevented Mr E from making payments and I can't say they did anything wrong here.

financial difficulties

Mr E says he was not given enough support when in financial difficulties. Given my findings above, I've got no evidence Mr F made Vanquis aware he was in financial difficulties. But I would expect Vanquis to notice when account activity might indicate this.

Having reviewed Mr E's statements, I don't think there were signs of any difficulties until Mr E stopped making payments in late 2018. Before then, Mr E was generally under his limit and making regular payments above the minimum amount. Mr E did miss a payment, but

Vanquis spoke to him about this and he explained he was paid late. Similarly, Mr E went over his limit, but soon made a payment towards his debt and brought it back under.

At the point Mr E missed several payments in late 2018, I think Vanquis had evidence he may be in financial difficulties. And where a business is aware a customer is struggling financially, I would expect them to do what they can to help. There are no set rules on what is required, but I'd expect them to try to understand the difficulties so that they can work out what a customer could afford and what might help their particular circumstances. But this action relies upon the customer speaking with the business. And the evidence indicates this didn't happen. I can't expect Vanquis to have done much more for Mr E when they had no information about his circumstances.

So, I've then thought about what Vanquis did to try to contact Mr E.

Vanquis wrote to him advising what was owed. And in the letters, they told Mr E to contact them if he was having problems making his payments. Mr E has told us he didn't receive any correspondence. But I've noted he received a new credit card which Vanquis told us was sent to the same address in early 2018. So, I don't see any reason why he wouldn't have continued to receive his statements and the enclosed letters. Given this, I think it's likely Mr E did receive this information. And the letters show Vanquis did offer to help.

Vanquis have also told us they tried repeatedly to call Mr E but couldn't make contact. And I have no reason to doubt this. Overall, I'm satisfied they took reasonable steps to try to contact Mr E.

Defaulting the account stopped Mr E's debt increasing. Given Vanquis hadn't had any contact or any payments in six months, it seems to me this was fair in these circumstances.

my final decision

For the reasons I've given, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 3 February 2020.

Jade Cunningham
ombudsman