

## **complaint**

Mr D complains that Vanquis Bank Limited applied interest and charges to his credit card account when he was in financial difficulties following an accident. Mr D asks that the charges and interest be refunded so he can repay the debt.

## **background**

Mr D was unable to work following an accident and activated the repayment option plan (ROP) for his credit card account. The ROP was activated intermittently for periods of three months each time between 2009 and 2012, until it had been activated for the maximum period. Vanquis applied interest and charges during periods when the ROP was not activated. Vanquis then offered a repayment plan to Mr D which would have frozen further interest and charges to the account. Mr D did not agree to the repayment plan offered by Vanquis as he says he should not have to pay the interest and charges applied to the account since he got into financial difficulties.

The adjudicator recommended that the complaint should be upheld. The adjudicator said Vanquis had not responded positively and sympathetically when it became aware that Mr D was suffering financial difficulties. The adjudicator said that asking for evidence of Mr D's condition every three months was not reasonable in the circumstances, and Vanquis had acted unfairly when it stopped the ROP activation after three months without evidence that Mr D's circumstances had changed. The adjudicator recommended that Vanquis refund all charges and interest from October 2009 - the point at which Mr D's balance started to increase even though he was not using his card for spending - plus £100 compensation for his distress and inconvenience.

Vanquis did not agree, saying it did not subscribe to the Lending Code so did not have to follow it when responding to customers in financial difficulty. Vanquis said it had offered a repayment plan one month after the maximum period under the ROP had expired, and interest and charges had been applied between 2009 and 2012 because Mr D had not provided evidence of his condition when he was required to do so.

## **my findings**

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. Where there is a dispute about what happened, I have based my decision on the balance of probabilities – in other words, on what I consider is most likely to have happened in the light of the evidence.

I am satisfied from the evidence that Vanquis was aware that Mr D had financial difficulties: his balance increased even though he was not using his card for spending and he activated his ROP, providing medical evidence of serious injury from an accident.

I am satisfied that the ROP was activated for the maximum period under its terms. I am also satisfied that the terms of the ROP require the customer to send reasonable evidence of the event that allows them to activate the ROP. I appreciate that Vanquis asks for evidence to be renewed every three months, in case the customer's circumstances have changed. But I am not persuaded that, given the nature of Mr D's injuries and that he provided a doctors certificate for a period of one year, it was reasonable to expect him to renew the evidence after three months.

Vanquis is subject to the Financial Conduct Authority's principles - including that it must have due regard for the interests of its customers and treat them fairly. The Lending Code sets standards of good lending practice and commitments on how customers should be dealt with. So, while Vanquis has not signed up to the Lending Code, it does provide useful guidance about what many lenders see as treating customers fairly. I am not persuaded that Vanquis acted fairly and reasonably when it asked Mr D to provide medical evidence every three months - and applied charges and interest when he did not meet their deadline for doing so. I find it would be fair and reasonable in the circumstances for Vanquis to refund the charges and interest applied to Mr D's account since October 2009 and to pay £100 compensation.

**my final decision**

My decision is that I uphold this complaint. In full and final settlement of it, I order Vanquis Bank Limited to refund all charges and interest applied to Mr D's account from 1 October 2009 to the date of settlement and pay £100 to Mr D.

Ruth Stevenson  
**ombudsman**