

complaint

Ms E opened a credit card account with Vanquis Bank Limited in 2009. She complains that:

1. When she was experiencing financial difficulties in June 2013, Vanquis refused to accept reduced payments from her under a debt management plan, and harassed her for higher payments;
2. The outstanding balance of her account is mostly made up of interest and other charges, even though she has made Vanquis aware of her financial hardship.

background

Ms E initially complained to Vanquis. Its final response letter said:

- There was no offer of payment included in the documentation sent to it by Ms E in June 2013;
- It had tried repeatedly to make contact with her, but without success;
- It had refunded two late payment charges, as a gesture of goodwill;
- It asked her to supply an offer of payment.

Ms E referred her complaint to the Financial Ombudsman Service. Our adjudicator thought it should be partly upheld, saying:

- It appears that Ms E did not explicitly state an offer of payment in the documentation sent in June 2013, but she did make £1 token payments each month from June into the account;
- Vanquis accepted these payments – and our adjudicator did not think the first part of Ms E's complaint should be upheld;
- But Vanquis did not make sufficient efforts to establish an agreed plan with Ms E;
- Also, as Ms E had provided evidence of her financial difficulties, it was not fair and reasonable for Vanquis to continue to apply interest and other charges to her account.

Our adjudicator felt that this matter had caused Ms E considerable distress. In order to put things right, she recommended that Vanquis should:

- Refund all interest and other charges applied from June 2013;
- Freeze further charges until it has been demonstrated that Ms E's financial position has changed;
- Agree a repayment plan with her, based on her current financial position;
- Pay her £100 for the distress and inconvenience caused.

Vanquis disagreed with our adjudicator, saying:

- It had attempted to contact Ms E by phone, and had sent letters to her;
- While it is always willing to assist cardholders in financial difficulties, it did not act unreasonably by requesting further information about Ms E's circumstances, in order to provide the most suitable option to her;
- Its policy is not to freeze interest and other charges until a payment arrangement has been agreed.

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 find that I have come to the same conclusion as our adjudicator, for the same reasons.

Creditors are required to respond positively and sympathetically to borrowers who are in financial difficulties. This does not necessarily mean reducing or stopping interest and other charges, but these are actions that should be considered. While Vanquis may have wanted further information last year about Ms E's financial situation, I feel her difficulties have now been established.

Therefore, it would be reasonable for Vanquis to refund the interest and other charges applied to her account, from the date in June 2013 that she reported those difficulties. It would also be reasonable for Vanquis to agree a repayment plan with her, based on her current financial position, and to freeze further charges until her situation has improved.

There is a technical note about non-financial loss on our public website, in which cases are described where we have awarded compensation for distress, inconvenience, damage to reputation, pain and suffering. I feel that compensation of £100 in this instance (as recommended by our adjudicator) is appropriate, given the circumstances of Ms E's complaint, and is consistent with those case descriptions and awards.

my final decision

For the reasons explained above, my final decision is that I uphold this complaint in part. In full and final settlement of it, I order Vanquis Bank Limited:

1. To refund all interest and other charges applied from 11 June 2013;
2. To freeze further charges until it has been demonstrated that Ms E's financial position has changed;
3. To agree a repayment plan with Ms E, based on her current financial position;
4. To pay compensation of £100 directly to Ms E.

Roy Mawford
ombudsman