

complaint

Mr S complains that Vanquis Bank Limited failed to assist him in his financial difficulties by putting into operation a repayment option plan that he had taken out. The bank rejected reduced payment offers and referred the account to a debt collection agency.

background

Mr S had a credit card account with Vanquis. In March 2010 he got into financial difficulties. He contacted the bank. The bank put the repayment option plan into operation. The bank says it wrote to Mr S after three months requesting information to show he was still entitled to the plan benefits. The bank says it did not receive a reply. The plan was de-activated and interest, charges and payment requirements re-commenced.

A debt management agency contacted the bank on behalf of Mr S. It offered a £5 monthly payment to the account. The bank rejected that as too low. The bank says it also told the agent that the repayment option plan was in place. Mr S and the bank did not reach an agreement about reduced payments for the account. In December 2010 the bank referred the account debt to a collection agency. After that the bank applied no further interest or charges.

Mr S wrote to the bank again in June 2012 asking if he could claim on the insurance he thought was provided with the account. The bank wrote that it could back-date the repayment option plan, if Mr S could show he qualified at that time. Mr S was not happy and complained to this service.

Our adjudicator did not recommend upholding the complaint. He said the bank had not made an error. But if Mr S could provide the bank with the necessary proof, the offer to back-date the repayment option plan was still open. Mr S did not accept the adjudicator's assessment. He said the bank had been wrong to continue to chase him for the debt after he told it of his financial difficulties. So, the matter came to me for review.

my findings

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

When Mr S told the bank about his difficulties, the bank put his repayment option plan into operation. It was reasonable for the bank to require Mr S to confirm that he still qualified for the plan. Mr S says he doesn't recall receiving any correspondence about continuing the plan. The bank has provided the copy of its account records, to show the letter was sent. It has provided details of other correspondence it had at the time with Mr S's debt management agent. The bank has also said that it told the debt management agent about the repayment option plan, in a phone call.

Where the evidence is incomplete, inconclusive or contradictory (as some of it is here), I reach my decision on the balance of probabilities – in other words, what I consider is most likely to have happened in light of the available evidence and the wider circumstances.

On balance I think it is more likely that the bank did send the request for further information. But in any event, the bank sent monthly account statements to Mr S. These would have shown the plan payments and that interest and charges had stopped, then started again. If Mr S had concerns, I think it likely he would have contacted the bank.

Vanquis has said in its letter in response to the complaint that, if Mr S can provide details that he qualified at the time, it would back-date the plan. I understand that the offer is still open. Mr S could well take advantage of this offer, if he has the information.

As the necessary information was not provided, and there was no other enquiry with the bank, I think the bank acted reasonably in resuming the interest and charges under the ordinary terms of the account. The bank had an obligation to respond positively and sympathetically to Mr S in his financial difficulties. But I conclude that it did this. It had put into effect the repayment option plan. But it was not obliged to accept a low offer of payment of the debt.

I think it was reasonable for the bank to refer the debt to a collection agency. Mr S had not provided the required further information. There was no further offer of payment. And the bank did freeze interest and charges at this time. The bank's offer mentioned above is still open and I would urge Mr S to consider taking it up, as it appears he may benefit.

In all the circumstances, I have concluded that the bank acted in a fair and reasonable manner in this case. I don't think it's fair to ask the bank to do anything more.

my final decision

My decision is that I do not uphold this complaint.

Paul Moulder
ombudsman