

complaint

Mr W complains, via his wife, that Vanquis Bank Limited

- Acted irresponsibly when it agreed to give him a credit card in 2008 because he had already experienced problems repaying his debts and had a bad credit rating.
- Told him the credit card would not be granted unless he also took out the Repayment Option Plan (ROP).
- Failed to offer him the assistance he needed when he had to stop working and, as a result, started to experience financial difficulties. And failed to respond to his repayment proposals.

background

Our adjudicator did not recommend that the complaint should be upheld. He concluded, in summary, that:

- Mr W was in full time employment when he applied for the credit card and, given what he was earning, the bank had not acted irresponsibly.
- The bank explained the ROP costs and benefits to Mr W and he agreed to take it out. He had also activated the plan – thereby benefiting from taking it out – for a total of 37 months.
- The bank has not acted unreasonably in response to Mr W's requests for assistance with his financial difficulties. It had offered various repayment plans but Mr W had not kept to any arrangements to pay. And it was not obliged to suspend interest and charges after the ROP ran out.

Mr W did not accept the adjudicator's findings. His wife reiterated, on his behalf, that:

- The bank should have done more at outset to check that Mr W could afford to make repayments to the credit card.
- ROP is a complicated product and Mr W did not understand how it worked.
- After the ROP ran out the bank bullied and harassed Mr W and it was never clear exactly what was being offered. The bank had known for two years that Mr W was experiencing financial difficulties and should have frozen the account permanently.

my findings

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

should Vanquis have refused Mr W's application for a credit card?

It was Mr W's decision to apply for a credit card with Vanquis and, at that time, he was in full time employment earning (what seems to me) a reasonable salary. Vanquis granted a credit limit at outset of only £500 and it was for Mr W to decide how much of that limit to use. I also note he generally managed to make repayments each month and these often exceeded by some way the minimum required payment.

It seems to me the credit card repayments were affordable at outset and Mr W only really began to experience problems after his health deteriorated and he had to leave work. I do not consider Vanquis could have known this was going to happen.

Overall, on balance, I am not persuaded the bank acted inappropriately given Mr W's circumstances.

should Vanquis have sold the Repayment Option Plan (ROP) to Mr W?

I have listened to the call in which Mr W agreed to take out the ROP. Having done so, I am not persuaded that Mr W thought he had to agree to the plan in order to get the credit card.

This is because the bank's representative confirmed the credit card had been approved before he even mentioned the ROP.

The bank's representative explained, amongst other things, the sort of situation in which the plan could be activated, the benefits it offered and the monthly cost. He asked whether Mr W wanted him to add the plan to the credit card account and Mr W readily agreed.

Overall, I do not consider the plan was misrepresented to Mr W or that he was forced into taking it out. But even if I were to conclude otherwise I would not likely conclude that the money Mr W paid for the ROP should be refunded given that he had the benefit of the plan for a total of 37 months.

should Vanquis have done anything differently when it learned of Mr W's financial difficulties?

Banks are under an obligation to treat cases of financial difficulty positively and sympathetically. But they need not accept *any* repayment plan put forward by their customers or suspend payments, interest and/or charges.

It is not in dispute that Mr W has been experiencing financial difficulties since mid-2009 and he contacted the bank promptly about this. But I note his account balance had already risen above the £1,000 limit as a result of charges and interest by the time he first got in touch with the bank.

I appreciate Mr W had been making intermittent payments to the account in the months leading up to June 2009. But, given the amount of those payments, I am not persuaded the bank ought to have taken action sooner to see if there was anything wrong and/or whether it could help.

I can see Mr W occasionally wrote to the bank after June 2009 asking it to close his account and suspend charges and interest. But the active repayment option plan (ROP) on the account meant this was not necessary.

The ROP ensured that charges and interest were waived for a total of 37 months. I appreciate there was a couple of months during that time where interest and charges were applied to the account. But that was because Mr W had not supplied the documentation the bank had requested in order to prove he was still not working so that the ROP could be renewed. Those charges do not seem unreasonable in the circumstances.

I am also satisfied the bank likely wrote to Mr W each time the ROP was renewed and explained how long the renewal would last, that no charges and interest would be applied but that Mr W could “still make payments to reduce his outstanding balance.” Although Mr W, on occasion, told the bank he could afford to make a certain monthly payment I see he did not actually make such payments, despite what the bank had said in those ROP renewal letters.

The ROP was never a permanent solution and I have considered carefully the correspondence that went on between Mr W and the bank after the ROP had been activated for the maximum permitted amount of time. I can see the bank made some repayment plan offers, but it seems Mr W was unwilling to accept these unless the bank reduced his debt to £1,000. As a repayment plan could not be agreed the bank warned Mr W that the account would be defaulted and I understand that has now happened. As a result no further charges and interest will be applied to Mr W's debt.

In the circumstances, I am satisfied the bank has done enough to meet its obligation to treat Mr W positively and sympathetically. As a result I cannot fairly instruct it to write off any of Mr W's debt.

I urge Mr W to engage with the bank, or its agents, now to agree a mutually acceptable repayment plan (if he has not done so already).

my final decision

My final decision is that I do not uphold this complaint.

Ruth Lewis
ombudsman