

complaint

Mr A complains that Vanquis Bank Limited unfairly recorded a default on his account and arranged unnecessary debt collection activity.

background

Mr A was having payment difficulties. Vanquis sent him an email in August 2015 offering him a payment plan. If he kept to this his balance (then at £3,179.90) would be reduced by 25% and his account transferred to normal management. He responded by email but Vanquis appointed debt collectors and recorded a default on his account. It recognised it had made a mistake in not dealing with his email. It removed the default and made Mr A a similar offer in January 2016.

The adjudicator also recommended that it pay Mr A £100 compensation which it agreed to do. She said that:

- The offer should put Mr A back in the position he ought to have been in.
- Mr A had not shown that the default on his credit record had caused him further problems.
- Vanquis was entitled to appoint debt collectors and this was not a misuse of Mr A's private information.
- This service does not make punitive awards.
- The account balance for the offer in August 2015 was based on entries up to that point following the July 2015 statement.

Mr A did not agree. He said that he had contacted Vanquis after the email and provided proof of posting a letter. He maintained that Vanquis had misused his personal information by instructing debt collectors. He still said that his balance should be fixed at that shown on statements prior to August 2015. And he believed that the fact that incorrect information was widely reported about him was sufficient to warrant substantial damages.

my findings

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

I can see that Mr A made at least two attempts to accept the offer from Vanquis. It seems that his letter was received after a first debt collector was instructed. That debt collector carried out limited activity. And that's because Mr A told it what had happened and so it asked Vanquis what to do. A further debt collector was instructed in December 2015. A resolution to what had become a complaint from Mr A was offered by Vanquis later that month.

The original error- the failure to deal with an email from Mr A- should have been a simple matter to resolve. It would have needed Vanquis to send a formal offer for Mr A to sign. That didn't happen and so normal collections activity continued. As the adjudicator said Vanquis can appoint debt collectors and there was no payment plan in place.

I confirmed with Vanquis that it will now make the same offer to Mr A as it had in August 2015 and that this is based on a starting balance of £3,179.90. In my view this is appropriate. It also said that if any further default information had been added to the account since January 2016 it would be removed. I asked it to agree to pay higher compensation.

This was because Mr A had the contact from two debt collectors and was clearly distressed that Vanquis had not responded to him. It confirmed it would pay £250.

In my view this offer now puts Mr A in the position he should have been in and gives him reasonable compensation for everything that happened. I appreciate that Mr A will not consider this adequate. But it's in line with guidance on compensation published by this service. If he does not agree with my decision he can pursue the matter in court (subject to any time limits) as he's said he might do.

my final decision

My decision is that Vanquis Bank Limited should do what it has now offered to and which is to:

- 1) Pay Mr A £250.
- 2) Provide the payment plan and reduction to debt as offered to Mr A in August 2015 based on a starting account balance of £3,179.90.
- 3) Remove any default already recorded since August 2015.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 18 April 2016.

Michael Crewe
ombudsman