

complaint

Mr K is unhappy that Vanquis Bank Limited didn't do enough to help him after he set up a direct debit incorrectly.

background

When Mr K set up a direct debit for payments to his Vanquis credit card in August 2017, he mistakenly provided incorrect details – Mr K was in hospital at the time. Because of this error, Mr K hasn't made any payments to his credit card since August 2017 and Vanquis have removed Mr K's credit card facility. They've also defaulted Mr K's account.

Mr K spoke to Vanquis on several occasions about his credit card, and Vanquis had admitted they could've handled some of the calls better. Because of this they refunded the interest charged on the December 2017 statement, and offered to set up a repayment plan.

Mr K has complained about the way he was treated by Vanquis and has asked that we review this matter.

Our adjudicator was satisfied that the account history was fairly reflected on Mr K's credit card statements, and that Vanquis acted reasonably by defaulting the account because payments weren't being made. While he thought it was fair that Vanquis contacted Mr K about the missing payments, and they'd acted reasonably by trying to assist with a repayment plan, he felt that they could've handled one of the calls that took place on 19 August 2017 better.

The adjudicator also felt that Vanquis could've defaulted the account sooner, and not doing so caused Mr K to be charged unnecessary interest. He thought Vanquis should've issued the default by no later than the end of December 2017, so he thought they should refund all interest and charges applied after this date and backdate the default. He also thought Vanquis should work with Mr K to agree an affordable repayment plan.

Mr K didn't agree with the adjudicator. He doesn't think we've considered all of the calls that took place on 19 August 2017, when he explained to Vanquis there was a problem with the direct debit, and they weren't willing to change this. He believes that, if Vanquis had allowed an alternative direct debit to be set up, all the missing payments would've been made.

Mr K also said the direct debit wasn't cancelled until October 2018, and not in September 2017. So he doesn't understand why Vanquis weren't collecting payments during this time.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Having done so, I have reached the same overall conclusions as the investigator, and for broadly the same reasons.

I've seen that Mr K cancelled a direct debit to Vanquis in June 2017. It's not disputed that, when Mr K tried to set up the direct debit again in August 2017, he gave the wrong account details. Because of this he hasn't made any payments to his credit card.

Mr K has been in and out of hospital due to a long-standing medical condition, which made it difficult for him to be able to speak to Vanquis. In one of the calls on 19 August 2017 Mr K asked Vanquis if he closed the account, would interest still be charged while he was clearing the outstanding balance. But Vanquis didn't understand what he was asking and therefore didn't answer his questions. I agree that this call could've been handled better. Vanquis have refunded Mr K with £113.21 interest by way of an apology for this call, and I agree this was reasonable. I don't think they need to do anything more about this call.

Mr K spoke to Vanquis several times on 19 August 2017, but I haven't seen that Vanquis refused to change or set up a direct debit for him. Mr K told Vanquis to keep the existing direct debit active, which they did. But Vanquis couldn't collect any money from this direct debit. They've said that, after two unsuccessful attempts to collect the money, they cancelled the direct debit their end. I think this was reasonable. So, even if the direct debit was still 'live' with Mr K's bank, Vanquis wouldn't have been able to collect payments from it.

I've also seen that Vanquis sent Mr K a default notice issued 24 October as he was more than £400 over his credit limit and payments weren't being made. This explained that "*no further use of this account is permitted at this time*", and Mr K had until 12 November to bring his account up to date. It also explained that, if he didn't do this, a default may be applied.

In a call on 20 November 2017, Vanquis discussed a possible payment arrangement with Mr K, but nothing was agreed. In this call Mr K made it clear that, because Vanquis had withdrawn the credit card facility, he wouldn't be making any further payments.

I think Vanquis also acted reasonably by restricting Mr K's account. I've not seen anything to show me they promised to keep the account open, and if Mr K wasn't making any payments, I'd expect Vanquis to stop the card being used.

Following this, in February 2018, Vanquis applied a default to Mr K's account, and let the credit reference agencies know they'd done this.

I don't think Vanquis have done anything wrong by issuing a default notice, because payments weren't being made. I also think it was reasonable they asked Mr K for details of his income and expenditure before agreeing to any payment arrangement – Vanquis would need this information to ensure that any arrangement was suitable, sustainable and didn't put Mr K under any unnecessary financial pressure.

But I also think that Vanquis could've applied the default sooner. They told Mr K they would look to do so if he didn't bring his account up to date in November 2017, and then account wasn't brought up to date. So I agree with the adjudicator that Vanquis should've applied the default by no later than December 2017, and not wait until February 2018. So they should backdate the default to December 2017, and refund all charges and interest applied after this time.

my final decision

For the reasons explained above I uphold Mr K's complaint. Vanquis Bank Limited must backdate the default to December 2017, and refund all charges and interest applied to Mr K's credit card account after this date.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 2 February 2020.

Andrew Burford
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