

complaint

Mr B complains that Vanquis Bank Limited did not respond to his letters after he informed it of his financial difficulties. He complains that it has not agreed a final balance on his account or a repayment plan with him and continues to call him even though he has asked that all contact is made in writing.

background

In July 2013, Mr B wrote to Vanquis returning his credit card and asking it to close his account. He explained that he was in financial difficulties and provided evidence of his income and expenditure. He said he could only pay £15 per month towards his outstanding balance and asked that the interest and charges were stopped on his account so that he could use the £15 to pay down his balance. Mr B accepted that his account would default but wanted the £15 to be accepted as his repayment plan. He also said he had health issues and asked that all communication was made in writing.

Mr B says that he did not get a response to his letter and then started to receive calls about his account. Mr B says he wrote to Vanquis on a number of occasions including sending a recorded letter to the CEO's office, but he did not get a written response. He did receive account statements which showed that interest and charges had not been frozen and demands for payment. He also continued to receive telephone calls.

In October 2013, Vanquis said that it could not accept Mr B's offer to pay £15 because this was too low. It said that it could accept a short term fixed payment arrangement but that it would need to receive a financial statement from a debt management agency detailing Mr B's income and expenditure. Vanquis also said that when an account is not being managed in line with the terms and conditions calls are automatically made to discuss this with the customer. It did, as a gesture of goodwill, refund four charges totalling £48 to Mr B's account and said it would suspend calls for 14 days.

In November 2013, Vanquis did freeze the interest on Mr B's account and accepted his original repayment offer of £15 per month. Unfortunately at this time, Mr B said his available income had reduced and he could then only afford £10 per month.

The adjudicator upheld this complaint. She found that Vanquis had not acted positively and sympathetically to Mr B's financial situation and that it should have acted on Mr B's request for communication to be in writing. She said that Mr B had provided Vanquis with his income and expenditure information and that this information did not have to be provided via a debt management company. She said that Vanquis should refund Mr B all interest and charges not already refunded from 6 August 2013 and pay Mr B £200 compensation for distress and inconvenience.

Vanquis did not agree. It said it was not aware of Mr B's health issues and that it could not accept the financial statement he had provided as it had been drawn up by him and the offer made was too low. It also said that Mr B's refusal to discuss this matter on the phone had caused delay, that it is a phone based company, and its terms and conditions say it will contact customers by phone. It says that the interest and charges applied to Mr B's account were part of his terms and conditions and that it had written to Mr B and offered repayment arrangements but these were not accepted.

my findings

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

Mr B told Vanquis that he was in financial difficulties in July 2013. He also said in this letter that he had a health problem and asked that all contact was made in writing. We take the view that when a bank is aware that a customer is in financial difficulties it should treat the customer positively and sympathetically. That's also reflected in the Lending Code. Besides that, the Code says that where a customer requests that the bank deals with them in writing (providing this facility is available) it should do so as long as the customer remains co-operative and in regular dialogue.

Vanquis did not respond to Mr B's letter explaining his financial situation until its final response in October 2013. I accept that Vanquis tried to call Mr B but because he had said he did not want to be contacted by phone, I do not find that this was sufficient to try to make contact. Because Mr B did not receive a written response to his offer until October, I do not find that Vanquis responded in a timely way to Mr B's letter and initial repayment offer.

I accept that Vanquis's systems are set up to make automatic calls to customers when accounts have missed payments or become overdue. But I find that Vanquis should have done more to comply with Mr B's request to have contact in writing and written to him about his repayment options.

It could have also suspended calls for a period while this issue was being discussed. I accept that by requesting Vanquis only make contact in writing this caused some delay in the process of agreeing a repayment plan, but I consider that if Vanquis had written to Mr B soon after receiving his letter in July, this issue could have been resolved sooner.

Vanquis said that it would not accept Mr B's income and expenditure statement because he had prepared it himself. I accept that Vanquis did tell Mr B about debt management companies that could be used to produce an income and expenditure statement. But I don't consider Vanquis took a fair approach in insisting Mr B contact a debt management company. I see no reason at all why Vanquis couldn't have considered Mr B's statement and challenged it if and where necessary.

Vanquis said in October that it could not accept Mr B's offer to pay £15 per month because this was too low. It changed its mind the following month - £15 was accepted and the interest on his account frozen. It's difficult to see why Vanquis changed its position, given that Mr B hadn't given it any more or different information in the meantime.

I accept that the charges and interest applied to Mr B's account were in line with the account terms and conditions. I also accept that Vanquis refunded Mr B four charges totalling £48 as a gesture of goodwill. However, Mr B's income and expenditure statement in July 2013 clearly evidenced his financial situation, and Vanquis didn't respond.

I find that Vanquis should have considered at this time stopping the interest and charges on his account. By not considering this I find that Vanquis was not acting positively and sympathetically towards Mr B. Vanquis did later agree to freeze interest, and I see no real reason why it shouldn't have done so sooner.

I find that Vanquis should have done more to treat Mr B positively and sympathetically after he told it about his financial difficulties. In all the circumstances, I find the fair outcome is for Vanquis to refund the interest and charges applied to Mr B's account from his August statement (less the amount refunded) to date, and pay Mr B £200 compensation for the distress and inconvenience this issue has caused.

my final decision

My final decision is that I uphold this complaint.

In settlement of this complaint Vanquis Bank Limited should pay Mr B:

- All interest and charges applied to his account on his August 2013 statement and later statements to date (minus the £48 already refunded); and
- £200 compensation for distress and inconvenience.

Jane Archer
ombudsman