



complaint

Ms B complains about the way in which Vanquis Bank Limited handled her request for assistance with her financial difficulties.

background

Ms B had to give up work following a significant change in her personal circumstances. Because of this, she started to have difficulty in meeting her Vanquis credit card payments. Ms B spoke with Vanquis to see what it could do to assist. She says it was unwilling to help unless she made her request through a debt management company. Ms B said she didn't want to do this. Instead, she sought assistance from a debt advice centre due to the calls she was getting from Vanquis.

Ms B complains that Vanquis failed to reply to her correspondence, or to that sent by her debt advisor. Instead, she says the bank continued applying charges and interest. It also assigned the debt to a collection agent. Through her debt advisor, Ms B asked Vanquis to reimburse interest and charges from August 2011, being the point she asked it for assistance.

Vanquis says it did send letters to Ms B telling her it couldn't accept her payment proposals. Because it didn't receive the required payments of 2% of the account balance, it continued to call Ms B. But the bank says it didn't charge anything further to the balance after November 2011, when it passed the debt to the collecting agent. Vanquis declined Ms B's reimbursement request.

other considerations

Vanquis has said that it believes Ms B's complaint to fall outside this service's jurisdiction, as it was referred to us after the time specified in its final response letter.

our initial conclusions

Our adjudicator felt there were exceptional circumstances in Ms B's case that meant we could consider the complaint. There was documented evidence in the bank's records showing Ms B hadn't received the bank's final response. But it hadn't given her any further indication of referral rights to our service. So the adjudicator concluded the matter was within our power to consider.

In respect of the complaint itself, the adjudicator felt Vanquis could have done more to assist Ms B. She was satisfied it was clear from the outset that Ms B could afford only token payments towards the debt. Yet Vanquis was insistent that it wouldn't adjust interest or charges unless Ms B paid significantly more than she could demonstrably afford. The adjudicator didn't think the bank's approach was in line with good practice when dealing with customers in financial difficulty. It hadn't been positive or sympathetic, which had caused Ms B distress at what was already a difficult time. The adjudicator recommended Vanquis refund charges and interest applied between August and November 2011, and pay Ms B £150 compensation.

Vanquis didn't agree with the adjudicator's findings. It said it wasn't obliged to accept Ms B's payment offers. And it said where a customer was unable to meet any reduced payment proposal, it would require written confirmation from a debt management agent. It indicated that it would only consider lower offers if made through such an agent. Vanquis maintained that it hadn't acted unfairly towards Ms B, and asked for this 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.

our power to consider the complaint

Our scheme rules say that generally, we cannot consider a complaint if it is referred to us more than six months after the date on which the respondent (in this case, Vanquis) issues its final response. But I can sometimes consider a complaint outside this timescale. Like the adjudicator, I'm satisfied that exceptional circumstances apply in this particular case, due to the clear evidence in Vanquis's possession that Ms B didn't receive its final response and its failure to then inform her of the timescale.

did Vanquis deal with Ms B's requests for assistance appropriately?

Vanquis has said that, as Ms B was generally maintaining her account and not in arrears, there was no indication of financial difficulty. But Ms B was telling Vanquis of her change in financial circumstances. So as a matter of good lending practice, I would have expected the bank to look at what it could do to assist. That includes exploring a range of steps that it could take to reduce the risk of arrears developing.

Here, I can't see that Vanquis did much more than propose a repayment arrangement that Ms B had already told it she couldn't afford. That doesn't seem to me to be offering much in the way of assistance. I take the bank's point that it isn't obliged to accept whatever the customer proposes. And I agree that it's good practice to suggest the services of an independent debt advisor if the customer needs assistance. But I don't agree that it's fair for Vanquis only to consider lower payment proposals if the customer makes them through a debt advisor. It might be reasonable if the bank had concerns over the financial details supplied by a customer. But here, there's no indication that this was the case, or that Vanquis even sought this information from Ms B.

Having carefully considered the evidence in this case, I find that I share the adjudicator's view that Vanquis should have done more to assist Ms B. Though the bank did take some steps – by November 2011, it stopped increasing Ms B's indebtedness – initially, it wasn't a particularly helpful approach. That would have been distressing to Ms B, who was already concerned about her financial situation. Overall, I think the recommendation the adjudicator proposed is a fair and reasonable way to resolve the complaint.

my final decision

My final decision is that in full and final settlement of this complaint, Vanquis Bank Limited should now:

1. arrange to reduce the current debt balance – whether this is still owned by Vanquis or has been sold on – by an amount equivalent to the interest and charges it has applied since 1 August 2011;

and

2. pay – not credit – Ms B £150 in recognition of her distress and inconvenience.

Niall Taylor
ombudsman