

complaint

Mr B complains Vanquis Bank Limited is asking him to repay far more than he thinks he owes. He also complains that it has charged him £100 for going over his limit, or paying late and he has no chance of getting out of the debt he's in.

background

Mr B opened his Vanquis account in 2011 – I understand to help him improve his credit rating. He also took out Vanquis' ID protection and the Repayment Option Plan. The ID protection was charged at £6.00 and the Repayment Option Plan charge was dependent on the statement balance – if there was no balance no charge was made. Both of these options incurred interest as a transaction on the account.

Over the years Mr B has used his card both for purchases and cash withdrawals. For a large proportion of that time, Mr B made his monthly repayments as and when due. But there were occasions when Mr B didn't make a payment or his spending took him over the agreed limit. This resulted in charges being applied to the account balance.

In 2018 Mr B complained to Vanquis as he believed his balance should be far lower than it was and requested a refund of all default charges that had been applied to his account. Vanquis didn't uphold the complaint. It said the charges had been applied in accordance with the terms and conditions. It also said that any charges over six years old were out of time. It said it had refunded some charges previously and he had activated the repayment option plan, which he could do again.

Not happy with the outcome, Mr B asked us to look into the matter. Our investigator concluded Vanquis hadn't done anything wrong. She explained we couldn't look at the charges that were made out of time. She found the other charges had been applied in accordance with the terms and conditions – and some of those had been refunded. She didn't think Vanquis ought to have realised Mr B was in financial difficulties from the account operation until 2017. She pointed out to Mr B that he had made numerous cash withdrawals, which were more expensive, and had missed payments and gone over the limit. She also pointed out the records never showed a charge of £100.

Mr B has asked for the matter to be reviewed. In summary, he remains dissatisfied about the balance owing. He's argued that it was Vanquis who had told him it had charged him £100. He's also said he wouldn't notify a bank of financial difficulties until he knew he definitely couldn't pay anything.

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 don't uphold this complaint. I explain why below.

I would firstly like to reassure both parties that although I have only summarised the background and events above, I have considered everything provided in its entirety. I know I have only briefly set out Mr B's arguments. This isn't meant as a discourtesy, but is a reflection of me concentrating on the crux of the issue and our quick and informal service.

I understand Mr B is concerned about the amount he owes and believes the charges he has incurred are unfair. Following a Supreme Court judgment such charges can't be challenged on the basis they're unfair. And I can only ask Vanquis to refund charges if I find it has done something wrong.

The account terms and conditions set out that charges would be applied whenever a payment was made late or the credit limit was exceeded. They also explained the interest free period and that cash withdrawals incurred an additional fee. Mr B's statements show, contrary to his own assertions that he paid every month, that he did miss a number of repayments. He also went over the credit limit, often as a result of making purchases and cash withdrawals. Each time that happened a charge was applied. Having reviewed the charges and when they occurred. I'm satisfied they have been applied in accordance with the terms and conditions of the account. I haven't seen any evidence, nor has Mr B provided any, that he has ever been charged £100 for any of those events (nor I have seen evidence that Vanquis told him it had).

Having reviewed the operation of the account, I don't think it would have been apparent to Vanquis that Mr B had been suffering with financial difficulties until fairly recently. And by Mr B's own admission he didn't inform it and didn't consider it necessary to do so until he wasn't in a position to pay anything. Whilst it may have been prudent to inform Vanquis earlier, I understand Mr B didn't see it that way. Nevertheless, I can see that Vanquis contacted him when payments were missed and when being notified of a change in circumstances, it offered the repayment option freeze. I can also see that it has refunded a number of charges to the account already – a step I consider to be positive.

In the absence of evidence that it knew of Mr B's difficulties, I am satisfied Vanquis has acted fairly. And when it was notified, it agreed payment plans and activated the repayment option freeze, which reduced the minimum payment and interest charged on the account. In the circumstances, I'm satisfied Vanquis has treated him with forbearance and due consideration.

Mr B has recently said he was never aware he had taken out ID protection with the card account. If Mr B is unhappy, he'll need to complain to Vanquis about that. Mr B has also told us his situation is unlikely to improve in the near future. There a number of organisations that can help with debts such as the Citizen's Advice Bureau and StepChange. I would urge Mr B to contact one of those organisations to help with getting his finances back on track.

my final decision

For the reasons given above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 3 October 2019.

Claire Hopkins
ombudsman