

complaint

Mr I complains that Vanquis Bank Limited sold his outstanding balance to a debt collection agency.

background

From July 2014 until June 2016, Mr I had his credit card account with Vanquis frozen under a repayment option plan (ROP). On 10 March 2016, Vanquis wrote to Mr I informing him that he had three months left and that in June 2016 his ROP would come to an end.

After Mr I's ROP ended he didn't make the required monthly repayments to his account. And he didn't put another arrangement in place to assist him in repaying his balance.

So, in December 2016, Vanquis appointed a debt collection agency, I'll call "M", to collect the balance Mr I owed. M wrote to Mr I on numerous occasions. But it wasn't able to agree a repayment plan with Mr I and he didn't make any payments to his account.

In March 2017 Vanquis instructed another debt collection agency, I'll call "D", to collect the money he owed Vanquis. D wrote to Mr I on multiple occasions asking him to agree an affordable arrangement to pay the debt he owed. But Mr I didn't make any payments to his account.

So, on 11 December 2017 Vanquis wrote to Mr I to inform him that it had sold his debt to a debt collection agency, I'll call "L". L also wrote to Mr I to explain that he now owed the outstanding balance to it instead.

Mr I wasn't happy with what had happened. So he referred his complaint to us. He told our investigator he didn't think Vanquis should've sold his account to a debt collection agency. But, while our investigator empathised with Mr I they didn't think Vanquis had done anything wrong or treated Mr I unfairly. So they didn't uphold Mr I's complaint. But Mr I disagreed and asked for his complaint to be reviewed by an ombudsman.

my findings

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

While I sympathise with Mr I's situation, having considered everything that he and Vanquis have said, I've reached the same conclusion as the investigator for broadly the same reasons. I know Mr I feels very strongly about this matter, which is understandable. And I appreciate the reasons why he has brought his complaint to us. But what I must determine here is whether Vanquis acted fairly and reasonably.

Mr I told our service that he thought his account balance had increased during the time he was under an ROP. But I'm satisfied that during that period Mr I's account didn't incur any interest or charges. And I think Mr I's account was managed correctly in accordance with the terms of the ROP while it was operational. I say this because I've seen Mr I's credit card statements, which confirm this.

When this agreement ended interest and charges began to apply to Mr I's account. And Mr I was told he would need to make monthly payments as directed by Vanquis. I note from Mr

I's statements that the majority of charges that were applied after the ROP ended were because Mr I didn't make any monthly payments or put an arrangement in place to pay reduced monthly instalments after his ROP ended. He also incurred some over limit charges, which were due to the interest causing him to exceed his credit limit facility. This explains why the balance on Mr I's account increased after his ROP ended.

Having seen the terms and conditions of Mr I's account I'm satisfied Vanquis was entitled to charge the fees and interest it applied to his account balance in these circumstances. From what I've seen, I'm persuaded Vanquis acted in line with these terms. So, I don't think it did anything wrong in applying these charges or asking Mr I to make monthly payments to his account.

I'm satisfied Mr I was aware of when his ROP agreement was due to end. So, he knew he was required to make monthly payments as directed by Vanquis in the absence of another payment plan. I say this because I've seen evidence that Vanquis wrote to Mr I on 10 March 2016 to inform him that his ROP would be ending in June 2016. And Vanquis wrote to him on 29 August 2016, after Mr I had missed payments in July and August, to explain that his account was overdue and that it required immediate payment.

The following month, Vanquis wrote to Mr I on several occasions to ask him to contact it to set up an arrangement to pay the arrears on his account. And, in its correspondence, Vanquis told Mr I to contact it if he was having difficulties in making payments and outlined a number of ways in which payment could be made.

Mr I contacted Vanquis to propose a monthly payment of £4 due to his financial circumstances. Vanquis responded by requesting evidence so it could consider Mr I's proposal. I think it was reasonable for Vanquis to request evidence from Mr I – especially given the low monthly payment he was offering compared to how much he owed. On 6 September 2016 Vanquis told Mr I an ROP couldn't be set up as it had already been in place for the maximum 24 month period. So, it asked him to contact it to discuss how he was able to pay his balance.

By October 2016 Mr I hadn't been able to agree with Vanquis how he would pay the outstanding balance. So, Vanquis wrote again to tell Mr I that if he didn't make a suitable payment arrangement a notice of default would be issued. And, on 19 October 2016 Vanquis wrote to Mr I to explain it had defaulted his account. By this point Vanquis hadn't received any payments from Mr I or been able to successfully set up a payment plan with him.

I'm satisfied that before it defaulted his account, Vanquis proactively tried for a significant period of time to get a response from Mr I. I think Vanquis tried to work with Mr I to help him to repay the balance he owed. I'll explain why.

I've already commented on the letters it sent to him from March 2016 onwards in which Vanquis confirmed the status of his account. There's no evidence that Mr I didn't receive this correspondence or that the letters were returned to Vanquis undelivered. And I'm also satisfied that Mr I would've been receiving statements confirming his account balance and the minimum payments he was required to make each month. Mr I hasn't told our service he didn't receive these. So, I'm persuaded that Mr I understood what was required of him.

I can also see that Vanquis tried to contact Mr I regularly by telephone in August and September 2016 to discuss his account. It sent regular texts to Mr I during August 2016. So,

I think Vanquis made reasonable efforts to attempt to contact Mr I to discuss payment of the balance he owed before it defaulted his account.

And I also think Vanquis took appropriate steps to offer support and explain what would happen if his account wasn't brought up to date. It follows that I can't say it acted unfairly when it defaulted his account and passed it to a debt collection agency. By this point Mr I had missed 4 monthly payments to his account. I understand that after Vanquis defaulted Mr I's account no further interest or charges were added, which is fair and reasonable.

After Vanquis defaulted Mr I's account it appointed M to collect the balance he owed on its behalf. In March 2017 this debt was transferred to D before being sold to L in November 2017. I've seen evidence that M and D tried to work with Mr I to set up an affordable payment arrangement to help him pay his balance. And I note that D even offered Mr I the option of clearing his debt by paying half the amount owed.

Because Mr I didn't make any payments Vanquis decided to sell Mr I's account to L. I recognise that Mr I is unhappy that the outstanding debt was passed to a debt collection agency. But this is in accordance with the terms and conditions I've seen which say:

"We may instruct any other person to exercise our rights or carry out our responsibilities under this agreement e.g., we could instruct a debt collection agency to assist in recovering any amounts owed to us."

So, I think it's clear Mr I was warned this could happen. I'm satisfied Vanquis was entitled to instruct a third party, such as L to recover what he owed it. It acted reasonably and didn't do anything wrong in doing so. Asking a debt collection agency to recover money owed is a commercial decision a business is entitled to take if it wishes – especially where no repayment plan had been agreed and there have been no payments made. It's common practice for businesses to take this action so that agents can take over, as they are generally more able to be more flexible with the payments and amounts they're able to accept without any further charges or interest being applied.

I appreciate the reasons why Mr I brought this complaint to our service. And I sympathise with the difficulties he found himself in. But I don't think Vanquis has done anything wrong here and, because of this, I won't be asking it to do anymore.

my final decision

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 I to accept or reject my decision before 3 June 2019.

Julie Robertson
ombudsman