

complaint

Mr F complains that he never agreed to the Repayment Option Plan ("ROP") that was added to his credit card account by Vanquis Bank Limited ("Vanquis") in 2010. He's also unhappy about the very small reduction in his debt between December 2013 and July 2016, given he made every monthly direct debit payment requested of him.

background

Vanquis issued a final response letter to Mr F's complaint in September 2016. It said that it was satisfied that an ROP was added to Mr F's account with both his knowledge and consent and that it had managed his account correctly.

But Mr F remained dissatisfied and referred his complaint to us.

Whilst the complaint was with us, Vanquis said it was prepared to pay Mr F (by way of an account credit and cheque) £6,463.79 – representing a full refund of the ROP payments debited of £1,216.74; the interest charged on these of £4,240.74; together with over limit fees of £372; and two further adjustments totalling £634.31.

Mr F's complaint was considered by one of our investigators. And in her view this offer was, in all the circumstances, fair and reasonable.

But Mr F didn't agree. In particular he remained unhappy with the small reduction to his debt between December 2013 and July 2016, given he'd made every direct debit payment requested of him.

However our investigator wasn't persuaded to change her mind and so the matter's been passed to me for decision.

my findings

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

It's clear Mr F has very strong feelings about this complaint. But the purpose of my decision is to set out my conclusions, and reasons for reaching them, rather than addressing each individual point raised.

First, I'm satisfied that the direct debit sums collected by Vanquis were correct and in line with what Mr F had agreed to. I also note he was made aware on most of his statements, if not all, that he was free to make additional payments if he wanted *"to reduce his balance quicker"*. And that this is something he did on at least one occasion.

However, I can understand his frustration in seeing his outstanding balance reduce by only £187.09 between December 2013 and July 2016, despite paying each direct debit requested of him, totalling £5,046.36.

But what Mr F perhaps hasn't appreciated is that the direct debit sums requested from him were designed, in the main, to cover the interest charged to his account. They weren't ever intended to cover large reductions to his balance. Therefore in the absence of additional payments being made by Mr F – over and above the one made in January 2014 – he was never going to see large reductions to his balance.

That said, I do accept that Mr F's debt has reduced more slowly than it would have done, between December 2013 and July 2016, because he:

- was charged ROP premiums
- was charged interest on these
- incurred over limit fees at £12 a time
- incurred default interest

And all of these 'costs' were required to be met, in full or in part, before any of Mr F's payments were used to reduce his balance.

But in my view the sum now offered by Vanquis of £6,463.79 ensures he's adequately compensated for the ROP being added to his account and for the adverse effects of that addition. This includes the slower reduction in his account balance compared to the reduction that would have occurred had the ROP not been added.

Vanquis has also now confirmed that the balance on Mr F's account is £3,602.32 (and has been since December 2016).

my final decision

I uphold this complaint in part. My final decision is that Vanquis Bank Limited must:

- Apply a credit to Mr F's account of £3,602.32 (and treat this sum as being sufficient to clear the account balance in full); and
- Pay Mr F £2,861.47 directly.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 3 May 2017.

Peter Cook
ombudsman