

complaint

Mr G complains that Vanquis Bank Limited sold on the debt of his credit card balance when it had previously agreed to cancel it. The amount he's being asked to pay now is more than the original amount of the debt.

background

Mr G had a credit card with Vanquis. In 2009 he had a balance outstanding on his account but wasn't able to make the required payments towards it. The balance increased through interest and charges being added. Mr G had a repayment option plan on his card and this meant he could freeze his account – stopping interest and meaning no payment would be due – for up to two years. Mr G used this between 2010 and 2012.

However, when no payments were made to the account after that, it was passed to a debt collections agency. Mr G's account defaulted in January 2013. After being passed through two debt collections agencies, Vanquis sold the debt onto a third party in 2016.

Mr G complained when he was contacted by the third party about the debt. He believed it had been cancelled years before.

Our adjudicator didn't think the complaint should be upheld. He hadn't seen anything to show that Vanquis agreed to write-off, freeze, cancel, or suspend Mr G's debt indefinitely. So he thought Vanquis was within its rights to sell the outstanding debt, as this was detailed in the terms and conditions of Mr G's account.

Mr G didn't accept the adjudicator's findings. He didn't agree that there is a debt and doesn't think the sale of it to the third party was legal. He questioned why the role of the third party business hadn't been mentioned by the adjudicator.

my findings

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

My decision here relates solely to Vanquis' actions in dealing with Mr G's credit card debt. It doesn't relate to any concerns he has about the third party his debt was sold onto, which would need to be considered separately.

Having looked carefully through all of the background information including the history of Mr G's account and what Mr G has told us, I find that I've reached the same conclusion as the adjudicator.

I haven't seen anything to suggest that Vanquis agreed to cancel the debt Mr G owed. Interest and the monthly payment requirement were suspended for two years when Mr G used the repayment option plan on his account. The outstanding balance of the debt went up because interest and charges began applying again after this time. Looking through the history of the account balance, the amount of the debt that was sold to the third party was right at the point the account was defaulted.

The terms and conditions of the credit card account allow Vanquis to transfer the rights to the debt owed to a third party. And it's because of this that I don't think Vanquis has acted unfairly in dealing with Mr G's account.

my final decision

My decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 27 April 2017.

Cathy Bovan
ombudsman