

complaint

Mr I complains about the way that Vanquis Bank Limited handled his credit card account when his circumstances changed and led to money problems.

background

Mr I went over his credit limit and couldn't afford the payments he owed Vanquis. He contacted Vanquis about this in March 2014. Mr I felt that, given his circumstances, Vanquis should have stopped adding interest and charges on his account. He blamed bank charges for causing his account to go over limit and he was concerned that the payments he'd been making weren't bringing the balance on his card down. Mr I wasn't happy that the balance Vanquis said he owed was correct so he asked it to provide a breakdown of his account. And Mr I stopped making any payments when he wasn't given this information.

Our adjudicator looked into Mr I's complaint. She explained to Mr I why she felt overall that Vanquis had responded positively and sympathetically to his situation. But she agreed with Mr I that Vanquis hadn't dealt with his requests for statement information as well as it could have done. And she felt Vanquis should pay him £50 compensation for this. Mr I and Vanquis both disagree with our adjudicator.

Mr I says he set up a direct debit for three months to bring the account up to date. And he was willing to continue to make payments but Vanquis refused to come to an agreement with him. Instead it continued to add more interest and late payment charges. So he feels it's unfair that he should have to pay those charges from March 2014 to January 2015. And he feels he owes Vanquis only the amount shown on his account as at March 2014. He says he's happy to fill in a financial statement and agree on how much he can pay based on that figure. He doesn't agree Vanquis has treated him positively and sympathetically – he feels he's had unfair stressful treatment.

Vanquis says the terms and conditions that Mr I signed up to when he took out his credit card say duplicate statements cost £5 per copy. So he would have known this – and it's something that would probably have been discussed during phone calls Mr I had with Vanquis. It feels Mr I had no reason to stop making any repayments and no compensation is justified. Vanquis has agreed to recall Mr I's account back from the debt collection agency that's been chasing him for payment and said it will deal direct with him. Vanquis would like to come to a payment arrangement that's suitable for Mr I.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Mr I had some serious health problems that affected his ability to keep on doing paid work, as well as other worries. So I sympathise with everything he's had to deal with. But, having looked at what's happened, I've come to the same conclusions as our adjudicator overall. Here are the reasons why I say this.

My role is to look at whether Vanquis has acted fairly and reasonably. Mr I says his complaint is about what's taken place from March 2014 when he informed Vanquis of the financial difficulty he was in.

Sometimes it's helpful to put an account into default if a person has money problems because this stops interest and charges being added on and effectively freezes the debt.

Vanquis didn't default Mr I's account until March 2015. So I've looked carefully at what happened between March 2014 and January 2015 to decide if Vanquis ought to have defaulted his account sooner. Or done anything more to help him.

After March 2014, Vanquis agreed a payment plan with Mr I and accepted reduced payments from him. At the same time, Vanquis also reduced the interest it was charging on the account to help Mr I. I can see there was a breakdown in communication after that – and this prompted Mr I to complain to Vanquis. But Vanquis, and the debt collection agency handling his account, provided Mr I with information about the amount owing on his account, and his payment options. Mr I was offered a partial settlement deal which meant he wouldn't have to pay the full amount he owed. And he was given information about what could happen if he didn't come to some payment agreement. So I can't fairly say that Mr I didn't have enough information to keep on making monthly repayments – even if he disputed the total amount outstanding. Or that he wasn't properly informed about the consequences of failing to keep up his payments in this situation. It looks as if some payment arrangements were discussed but didn't go ahead when Mr I didn't make the agreed payment.

I've taken into account that Vanquis has refunded over £100 pounds worth of charges and interest - and it hasn't added any more interest or charges since January this year. So I think it's fair to say that Vanquis was sympathetic to his situation and it did respond positively with some constructive measures to help Mr I manage his debt. Charges and interest stopped being applied from early January 2015. Taking into account everything that happened after March 2014, I find that, broadly speaking, Vanquis acted fairly and reasonably even though it didn't default his account until a year or so after Mr I first alerted it to his money problems. And I don't agree with Mr I that his bill should reflect what he owed in March 2014.

But I agree with our adjudicator that Vanquis could have dealt better with Mr I's requests for more information about how the amount owing on his account had been worked out. I can't see any evidence that Vanquis addressed his concerns - and Mr I's letters show that he was increasingly frustrated about this. I think it likely this is what prompted Mr I to stop making payments on his account - which made his financial situation worse. If Vanquis hadn't failed to answer Mr I's reasonable enquiries I think this situation might have been avoided.

I can see Vanquis tried to help when it sent Mr I a copy of the activity on his account with its final response letter on his complaint. And our adjudicator has obtained copies of statement information for Mr I. So I don't require Vanquis to provide any further information. But it's reasonable that Vanquis should pay some compensation for not providing the information Mr I asked for sooner. I find £50 is fair in these particular circumstances.

my final decision

My decision is that Vanquis Bank Limited should pay Mr I £50.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr I to accept or reject my decision before 1 September 2015.

Susan Webb
ombudsman