

complaint

Mr A complains that Vanquis Bank Limited charged him interest after he notified it that he was in financial difficulties.

background

In early 2014 Mr A lost his job. He took advice from a debt charity and contacted Vanquis in February 2014. It agreed to set up a temporary measure whereby he paid only £30 a month and it matched this contribution as a gesture of goodwill, so £60 went toward his card debt. Mr A called Vanquis in March and said he could only afford £30 and the bank offered to match this payment again so that £60 went towards his debt.

In April Mr A called Vanquis again and said he could only afford to pay £30. Vanquis informed him that it couldn't match his payments anymore. The advisor asked Mr A if he thought he would be facing financial problems long term and Mr A said he didn't know. He was told that a payment of £30 would mean that his records would show as a missed payment. He also enquired about a repayment plan, but was told to call in May 2014 when his temporary repayment plan was due to end.

Vanquis has a letter on its records from Mr A in June 2014 in which he says he can only afford to pay £5 a month. At that point it agreed a payment plan of £5 a month and it froze interest from August onwards. Mr A says he wrote to the bank in May and August, but it doesn't have a record of those letters.

Mr A brought his complaint to this service. The adjudicator who investigated it didn't recommend that it be upheld. She considered that Vanquis had acted reasonably in trying to save Mr A from entering repayment plan, and the negative aspects that brings, while he considered his situation was temporary. Once it became clear that his problems were long term it froze interest. Mr A didn't agree and said that if it had acted earlier he could have save £500 in interest and charges.

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 is always difficult when someone encounters financial problems. If the bank had placed Mr A on a debt payment plan straightaway and he recovered financially, then he would have had an adverse credit rating. Mr A told the bank his situation was temporary and only as the months passed did it become obvious that he was facing longer term problems. At that point the bank put him on a payment plan and froze interest and charges.

In hindsight I agree that it would have been better had the bank acted more quickly, but I can see that it tried to support him through what appeared to be a temporary problem by supplementing the payments he was able to make. I note that Mr A's father was also ill at this time adding to his worries and he has my sympathy, but I cannot say that the bank has done anything wrong. I note two of his letters went astray, but given he was in regular phone contact with the bank I don't think this has made any significant difference to the situation. On balance I consider the bank's actions to have been fair and reasonable.

my final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 22 February 2016.

Ivor Graham
ombudsman