

The complaint

Mr W's unhappy that Vanquis Bank Limited contacted him to review his agreed repayment arrangement and that it didn't take account of his health condition when corresponding with him about a transfer of his account.

What happened

In 2017, following some personal financial difficulties, Mr W entered into a repayment arrangement with Vanquis. Mr W has a mental health condition of which Vanquis is aware.

In June and July 2019, Vanquis contacted Mr W by both text message and letter asking him to get in touch with it to provide some up to date details of his income and expenditure. Mr W had thought this was because Vanquis wanted to increase his monthly repayment amount.

Given he understood that he'd reached an agreement with Vanquis back in 2017 already, he felt this was intrusive. This caused him significant concern, which was exacerbated by his mental health condition.

In July 2019, Vanquis sold Mr W's account to a third party. But Mr W wasn't given prior notice of that by either Vanquis or the third party.

In response to this complaint, Vanquis provided Mr W with contradictory information regarding his account. It said his access to Vanquis' mobile app had been suspended because of missed payments. Vanquis has since accepted that no payments have been missed and that the app was suspended because the account had been sold to a third party. Vanquis also told Mr W to contact the third party to set up a new payment arrangement.

Our investigator considered Mr W's complaint. But she didn't think it should be upheld. She accepted that Vanquis had made some mistakes but it was entitled to sell the account and to review the arrangement periodically to check that it was still affordable. Mr W didn't agree and requested an ombudsman's decision.

In advance of this final decision, I sent a provisional decision to the parties. I told them that I intended to uphold Mr W's complaint in part and would require Vanquis to pay him £100 compensation for the way that it had made him feel. Both Vanquis and Mr W accepted my decision, Mr W adding that he still thought that Vanquis had been looking to increase his monthly payments.

What I've decided – and why

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

As the parties have accepted my provisional decision, I see no reason to change my findings. So I'm upholding Mr W's complaint in part. In particular, I don't consider that

Vanquis' handling of its correspondence about the account transfer took into account Mr W's mental health condition and how this news would have affected him. My provisional findings were as follows and I confirm that these are now my final findings.

'Our investigator is right that Vanquis is entitled by the terms and conditions of Mr W's account to transfer his debt to a third party. Mr W had been led to believe by Vanquis that this was because of a payment default by him. But that wasn't the case. Although Vanquis has apologised for the mistake in its final response, it's important to consider the effect that its actions have had on Mr W.'

I can understand how Mr W will have felt to think that he hadn't made payments that he knew he had. And this was made worse because he was led to believe that this had resulted in a transfer of his account to a third party. Vanquis has since told us that Mr W's account was transferred, together with those of a number of other customers, to the third party, because it specialises in lengthy repayment arrangements. If Vanquis had clearly explained this to Mr W in advance and hadn't made the mistake in its final response, then clearly the stress and anxiety that he experienced could have been significantly reduced.

Vanquis has said that it was for the third party to contact Mr W to tell him about the transfer. It's true that when a debt is assigned, it's normally the transferee that will give notice to the customer. But that doesn't mean that Vanquis didn't have an obligation to be clear with its customers about what was happening with their accounts. Given the nature of Mr W's account; his having been in financial difficulty; as well as his ongoing mental health condition, it was all the more important in treating him fairly and reasonably, that Vanquis was upfront with him about what was happening. Just terminating his access to the App, without any prior notice why, wasn't appropriate, particularly as he says he used the App to make payments to Vanquis.

Turning to the other correspondence, I know that Mr W is upset that Vanquis contacted him to review his account and payment arrangements. But I don't think there was anything wrong with it doing that. One of the terms of his payment arrangement was that Vanquis would conduct periodic reviews to assess its continued affordability.

Where a customer is in financial difficulties, a lender is required by the rules under which it operates to ensure that the lending remains affordable. So I don't think Vanquis did anything wrong in contacting Mr W by text message and letter in that regard. I know that Mr W thought that this was because Vanquis wanted to increase the payment. And I understand why he might have reached that conclusion. But I'm satisfied that wasn't the case.

Mr W was concerned that he may have had a repayment option plan charge (ROP) added to his account. Vanquis has told us that Mr W never had this on his account. So I'm satisfied that this isn't something that it needs to consider a refund for.

I also understand that Mr W would like to know the price that was paid by the third party for his account. That isn't something that I think Vanquis needs to tell him. It's commercially sensitive information. So Vanquis is entitled to keep it confidential.

Vanquis has also told us that all Mr W's payments have been credited to his account. If Mr W remains concerned that his account is not showing all the payments he's made, he should please let me know in any response to this provisional decision. We can then ask Vanquis to follow that up.'

Putting things right

Overall, I think that Vanquis could have treated Mr W much better here in the way that it's gone about transferring his account and telling him about that. Mr W wasn't in default of the agreed repayments. But Vanquis is entitled, and indeed obliged, to check that the payments remain affordable. Given Mr W's mental health condition and his financial difficulties, of which Vanquis was aware, I've found that it should have given Mr W much clearer information about the transfer arrangements than it did. Freezing his access to the App without prior notice just made this worse. This has clearly caused Mr W some trouble and upset for which I require Vanquis to pay him £100 compensation.

My final decision

My final decision is that I uphold this complaint in part. I require that Vanquis Bank Limited pay Mr W £100 compensation for the way that it has made him feel.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 27 December 2019.

James Kennard

Ombudsman