

The complaint

Ms S complains that Vanquis Bank Limited agreed a repayment plan with her but then defaulted her account and passed it to a debt recovery agency.

What happened

Ms S holds a credit card account with Vanquis. The account fell into arrears and Vanquis sent a Notice of Default letter to Ms S on 12 July 2023. The letter explained Vanquis's intention to register a default on Ms S's credit file and the potential involvement of a debt collection agency, unless payments were made to bring the account back up to date.

No payments were received from Ms S and the account defaulted. The account was sold to a debt recovery agency on 13 September 2023.

On 14 September 2023 Ms S contacted Vanquis and spoke to an agent, who agreed a payment arrangement. Ms S has said that she tried to make payments under the arrangement but Vanquis refused to accept payment and advised her that the payment arrangement shouldn't have been made and that the debt had been sold to a debt collection agency.

Ms S complained to Vanquis. In its final response, Vanquis said its agent had incorrectly agreed the payment arrangement after the account had been defaulted and sold. It apologised for the error and paid compensation of £50.

Ms S remained unhappy and brought her complaint to this service.

Our investigator didn't uphold the complaint. She said that Vanquis had made an error when it agreed the payment arrangement because the debt had already been sold. The investigator said that Vanquis had acted fairly by acknowledging the error and paying compensation.

Ms S didn't agree. She said that Vanquis had agreed the payment arrangement with her and should be required to honour it. She said that if the arrangement had been adhered to, she would've made 8 months' worth of payments by now. She wants Vanquis to reinstate the arrangement.

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.

I've reviewed the history of the account. I can see that Ms S was repaying the account until March 2023. No further payments were made to the account after that date.

I can see that Vanquis sent letters to Ms S advising her that the account had fallen into arrears. No response was received. Vanquis issued a Notice of Default on 12 July 2023.

I appreciate that Ms S has told this service that due to her personal circumstances at the

time she had moved from her address. I accept that Ms S may not have received all of the correspondence sent by Vanquis due to her move. However, I'm satisfied that Ms S would've been aware that her account was in arrears, and I haven't seen any evidence to suggest that she wasn't able to contact Vanquis during this time.

I can see that the account was defaulted in August 2023 and the debt was sold to a debt collection agency on 13 September 2023. I'm satisfied that by the time Ms S contacted Vanquis on 14 September, the debt had already been sold and Vanquis were no longer the legal owner of the debt.

I appreciate that Ms S agreed a payment arrangement with Vanquis on 14 September 2023. However, because the debt had already been sold, there was no legal basis for Vanquis to agree the arrangement. Vanquis has acknowledged that its agent made an error when they agreed the payment arrangement. It has paid compensation for the error. I understand that Ms S is frustrated that she can't proceed with the payment arrangement, However, I'm satisfied that Vanquis has done enough by acknowledging the error and paying compensation.

I understand that Ms S wants the payment arrangement reinstated. I'm unable to require Vanquis to do this, because they are no longer the legal owner of the debt.

Ms S will need to contact the debt recovery agency who are the legal owners of the debt and agree a payment arrangement with them directly. Based on what I've seen, there's been nothing to stop Ms S making payments to the debt recovery agency since the debt was sold to them.

For the reasons I've explained, I'm unable to uphold this complaint.

My final decision

My final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms S to accept or reject my decision before 28 July 2024.

Emma Davy
Ombudsman