

## **The complaint**

Mr B complains that Vanquis Bank Limited unfairly registered a default on his account. Mr B is unhappy that Vanquis didn't activate the repayment option plan product on his account, which led to a default being registered when he was unable to make repayments.

## **What happened**

Mr B had a credit card with Vanquis for a number of years. He had included a product called a repayment option plan (ROP) with his account. Mr B paid for this service, which allowed him to take a repayment break if he met certain criteria set out in the conditions of the ROP.

Mr B used the ROP on a number of occasions, including in early 2016 when he was in receipt of Universal Credit.

In late 2016, Mr B asked Vanquis to activate the ROP again when he was made redundant. Vanquis asked Mr B for supporting documents to show that he met the eligibility criteria under the ROP, but Mr B was unable to provide what he had done previously, because the application process for Universal Credit had changed.

Ultimately, Vanquis didn't think Mr B had provided sufficient evidence to show that he met the eligibility criteria for the ROP and so, because he'd missed a number of repayments, his account was defaulted in November 2016.

Mr B complained to Vanquis. He didn't think the default had been registered fairly. Mr B felt that he'd provided as much information as he could about his Universal Credit application, and that Vanquis should have activated the ROP. Had they done so, the account would have been frozen, and the default wouldn't have been applied.

Mr B has told this service that he's happy to pay back the outstanding debt to Vanquis, but he'd like the default marker to be removed from his credit file.

Vanquis have said that the default accurately reflects Mr B's payment history and has been fairly applied. They say that the evidence provided by Mr B didn't show that he was eligible under the ROP criteria, and they tried to get supporting evidence from Mr B, but this wasn't provided.

Mr B brought his complaint to our service, and our investigator looked into things. Our investigator thought that Vanquis had acted fairly in its refusal to activate the ROP and in applying the default. Unhappy with this, Mr B has asked for an ombudsman to review his complaint.

## **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.

### *The repayment option plan*

The ROP product has a number of criteria that need to be met before it can be activated. These are as follows:

*a) one or more of the following events (as applicable) happens; and b) you contact Customer Service; and c) you provide us with reasonable evidence of the relevant event.*

Mr B asked Vanquis to activate the ROP because he'd been made redundant. One of the required events is if '*you become unemployed involuntarily (other than as a result of your own misconduct)*' So, it appears that Mr B met the requirements under both a) and b).

Vanquis say that Mr B didn't meet the requirement under c), that is, he didn't provide reasonable evidence that he'd become unemployed involuntarily.

Mr B provided screen shots to Vanquis to show that he'd made an application for Universal Credit. Vanquis say this isn't enough, and they need to see that the benefit is being paid, and that Mr B has a continued entitlement to receive it.

Universal credit isn't usually paid where a person leaves a job voluntarily, so I think that evidence of a person being in receipt of the benefit is reasonable evidence that they became unemployed involuntarily.

I've seen the evidence that Mr B was able to provide. The screen shots show that an application has been made for Universal Credit, but they don't show that it's been accepted or that Mr B has a continued entitlement to receive it.

I don't doubt that Mr B had lost his job when he asked Vanquis to activate the ROP in late 2016, and there's no suggestion that he wasn't entitled to the benefit for which he'd made an application. But, the application for Universal Credit isn't evidence that Mr B had lost his job involuntarily, so I don't think it meets the requirement under c).

Proof that Mr B was in receipt of Universal Credit wasn't the sole evidence that Vanquis would accept. They told Mr B that he could provide a number of other documents to satisfy the reasonable evidence requirement. I think Mr B could have provided one of these other forms of evidence, but he doesn't appear to have done so. So, I find that it wasn't unreasonable for Vanquis to have refused to activate the ROP in late 2016 based on the evidence Mr B provided.

### *The default*

Vanquis first issued a default notice to Mr B in late 2015, after Mr B's account had been over its limit for some time, and Mr B had failed to make the required repayments. The account was then frozen by way of the ROP in early 2016. When that ended, Mr B didn't make any payments. So, when the activation of the ROP was refused in late 2016, the account was defaulted.

Vanquis were aware that Mr B was in a difficult financial situation in 2016, because he was asking to activate the ROP due to losing his job. I've asked Vanquis for details of any forbearance options given to Mr B, such as reduced payments or freezing interest. Activation of the ROP wasn't the only option for assisting Mr B, but I haven't seen any evidence that Vanquis considered other options. So, I find that Vanquis could have done more to help Mr B repay his debt.

Having made that finding, I need to decide what, if anything, Vanquis should do to put things right.

I've thought about Mr B's circumstances at the time, and whether he would've been able to come to an arrangement with Vanquis that would've avoided the default.

In order to avoid the default, Mr B would've needed to be able to repay a sum significant enough for Vanquis to be satisfied that he would be able to repay his debt in a reasonable timeframe, without being unable to service his other arrangements including his normal living costs

Based on the history of Mr B's account, his circumstances at the time and the evidence provided, I can't see that he was in a position to have been able to enter into an arrangement that would have been acceptable. So, even if Vanquis had explored other options to help Mr B repay his debt, I think it's more likely than not that Mr B's account would have been defaulted.

So, although Vanquis should have done more to assess Mr B's situation, I find that their failings here didn't have a material impact on the outcome. I can appreciate that Mr B is unhappy with the default being recorded on his credit file, but I don't think it's unreasonable, based on the evidence, that the account was ultimately defaulted.

### **My final decision**

For the reasons I've explained above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 7 April 2021.

Zoe Launder  
**Ombudsman**