

The complaint

Mr P complains Vanquis Bank Limited trading as Fresh Start ("Vanquis") incorrectly applied a default to his loan account. He says he didn't receive anything to let him know this was going to happen and he's now unable to move forward with his financial plans.

Mr P's also complained about a telephone call on 10 October 2016 during which he was given incorrect information. I issued a jurisdiction decision in November 2020 explaining I couldn't look at that part of his complaint as it had been brought too late. So this decision is about whether the default was applied fairly only.

What happened

Mr P took out a loan in February 2015. The repayments were £150 for 52 months. In March 2016, the account passed to Vanquis as it says Mr P hadn't made the contractual payments. Vanquis says it sent a welcome letter to Mr P which explained the amount outstanding. And in August 2016 he was sent a notice of default letter and a text message explaining the default would be recorded on his credit file. The default was recorded on 3 October 2016.

Unhappy with the default being recorded, Mr P made a complaint. He didn't think it had been applied fairly as he said Vanquis had defaulted his account too quickly (he says after three missed payments) and it'd applied the default to the wrong date. In response, Vanquis said the date of the default had been correctly reported. It said it tried to contact Mr P by phone, text message and letter but he didn't make any payments to the account and it was satisfied the correct notice had been sent. Unhappy with Vanquis' response, Mr P asked our service to look into things.

Our investigator didn't uphold the complaint. He was satisfied Vanquis had applied the default correctly and had tried to communicate with Mr P and give notice beforehand. Mr P didn't accept our investigator's view so the complaint's been passed to me to decide.

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'm not upholding this complaint – I'll explain why. I know Mr P will be disappointed.

It seems Mr P had missed a number of payments before the account was defaulted as Vanquis has told us his loan was passed to it as he hadn't been making any payments. But he says he'd only missed three payments. Either way, I don't think Vanquis acted unfairly or too quickly by adding the default when it did. I say this because the Information Commissioner's Office says a default may be registered when a customer is at least three months behind on their payments. And from what I've seen in, I'm satisfied Mr P was.

Mr P says he didn't receive any correspondence from Vanquis to alert him to what was happening. But Vanquis has given us details of the dates it sent Mr P correspondence – and what that was. It's also given us example templates of the letters that were sent on those dates. I can see it sent Mr P text messages to the phone number he's given our service and it called him numerous times between April and October 2016. It also sent him a letter to let him know the account had been moved to Vanquis' specialist debt purchase department and asking him to make a payment. And it sent him a notice of default in August 2016 which set out the account balance, payment due and a date to pay by.

So overall I think Vanquis did enough to let Mr P know his account would be defaulted if he didn't get in touch or make an arrangement to pay. And in any event, I'm satisfied he would've known he had missed payments.

I can't see Mr P did contact Vanquis *before* the default was registered. And from a call recording we've been given, the time Mr P did return Vanquis' call, he ended it immediately. So I think it did enough in this case to alert him to what was happening and give him a chance to bring his account up to date.

Mr P's said the default was added to his credit file on the wrong date (February 2015) and this wasn't applied until 20 months later. But having looked at his file, I don't agree. I can see it was added in October 2016 and the only place on his credit file where February 2015 is mentioned is the start date of his loan – which is correct.

So whilst I empathise with Mr P for the situation he now finds himself in – and that he's not been able to buy a home or move forward with his financial plans – overall, I don't think Vanquis has done anything wrong.

My final decision

My final decision is I am not upholding Mr P's complaint. Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 17 January 2021.

Nadya Neve
Ombudsman