

## **The complaint**

Mr K complains that Vanquis Bank Limited ('Vanquis') recorded a 'default' on his credit file.

Mr K is also unhappy with a reduction in his credit limit and not being offered a payment freeze on his account. Mr K wants the default removed, interest refunded and his account closed.

## **What happened**

Mr K had a credit card account with Vanquis from October 2013. Mr K has said he'd experienced some difficulties meeting the repayments on the account.

Vanquis says in June 2019 an arrangement was made for Mr K to repay £30 per month, but that three payments were missed from October-December 2019. Vanquis sent Mr K a notice of default letting him know that unless he made the minimum payment by 15 January 2020 a default might be applied and his account passed to a collections agency. Vanquis says the payment wasn't received so the account was passed to a collections agency and a default recorded on Mr K's credit file.

Mr K complained to Vanquis about the default being added to his credit file, his credit limit being reduced and also not being offered a payment freeze when he got into financial difficulty. Vanquis didn't uphold Mr K's complaint. They felt they'd handled his account correctly, that they'd acted as a responsible lender when reducing his credit limit and at the time the account was passed to the collections agency, a payment freeze wasn't an option.

Mr K didn't accept what Vanquis had said and referred his complaint to our service for an independent review. Our investigator considered the complaint but didn't recommend that it be upheld. He found that Vanquis didn't act unreasonably when reducing Mr K's credit limit, that Vanquis had an obligation to accurately report information to the credit reference agencies and that Mr K's financial difficulties had been ongoing for some time prior to the payment freeze option being available.

Mr K didn't accept the investigator's view so the complaint has been passed to me for a decision.

## **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.

Having done so, I have to tell Mr K that I think the investigator reached a fair outcome here. So I don't uphold his complaint in this matter. I'll explain why.

### *The reduction in Mr K's credit limit*

Mr K has said that the reduction in his credit limit caused him financial hardship. But I think Vanquis acted reasonably by reducing the credit limit to try and help Mr K not build up further debt. The relevant account terms state:

*“....If we reasonably consider it appropriate (e.g.- depending on how your Account is run and/or whether your financial circumstances have changed), we may increase or decrease your Credit Limit from time to time and will notify you of any such change.”*

Although the reduction in the credit limit may have inconvenienced Mr K, I don't think Vanquis have done anything wrong here. Reducing his credit limit wasn't to penalise him but to try and help Mr K avoid increasing his debt again.

### *The default*

Based on the account history there were various repayment issues - including late and missed payments - across a long period of time. Vanquis and Mr K agreed a repayment plan from June 2019 under which Mr K agreed to pay £30 per month. Vanquis also reduced the interest they were charging Mr K from 3.99% to 0.5%. I consider these to be fair, supportive and positive steps by Vanquis to try and help Mr K's situation. But Mr K continued to use the card and was over his credit limit again in July 2019 and no payment was made by Mr K for October - December 2019.

Mr K has told us that he had an ongoing complaint with Vanquis and that's why he didn't make payment. But I've seen a Vanquis system note from 14 September 2019 which, in summary, suggests that the adviser told Mr K not to withhold payment whilst his complaint was ongoing. So I'm satisfied that Mr K was aware that he still needed to make payment, as agreed with Vanquis. I've also noted that during that call Vanquis took a positive step and agreed a 'match payment' whereby, on that occasion, if Mr K paid £30 they'd also pay £30 to bring his account up to date.

No further payments were made (October - December 2019) by Mr K. The non-payment broke the payment plan agreement that Mr K had entered into with Vanquis. Vanquis sent him letters on 22 November, 29 November and 16 December about late payment. So I'm satisfied that Mr K was aware he was still behind on his payments. Mr K says he didn't receive the letter dated 16 December until early January and I can see he contacted Vanquis about this by email on 6 January 2020. A notice of default was then sent on 31 December. This gave Mr K until 15 January 2020 to make payment.

Whilst I've kept in mind that there may well have been some delays with post given it was around Christmas time, I've not seen any supporting evidence that Mr K didn't receive the default notice letter dated 31 December 2019. In his email to Vanquis (6 January), Mr K refers to getting paid on January 15 and then planning to make payment.

In their final response letter dated 9 January 2020, Vanquis told Mr K:

*“A Notice of Default was correctly issued to you in line with the Terms and Conditions of your account, on 31 December 2019. If you are able to make the minimum payment due of £77.36 by the 15 January 2020, then a Notice of Default will not be registered against you.”*

And:

*“...Please note however that if no payments are made, and we receive no contact from you, the Notice of Default may be registered against you and your account passed to a debt collections agency.”*

Although Mr K had indicated that he'd planned to make a payment around January 15<sup>th</sup>, he didn't. And I'm satisfied that Vanquis had made Mr K aware of the seriousness of what could happen (a default being recorded) if he didn't make payment. Vanquis also tried to contact him by telephone on 18 January. Although Mr K says communication from Vanquis was poor, I don't agree.

In January 2020 Mr K also queried getting a payment freeze with Vanquis – which they declined. I don't think this was an unfair decision given what had happened on the account in the preceding months. And a default permanently suspends interest and charges in any case.

Mr K has my sympathy for the difficulties he was experiencing around the end of January 2020 - including a hospital stay - but these events happened *after* Vanquis had sent him the default notice. I still think overall Vanquis have treated him fairly and reasonably, including taking a number of positive and supportive steps to try and help Mr K.

I know Mr K will be disappointed with this outcome. But my decision brings to an end what we – in trying to informally resolve his dispute with Vanquis – can do for him.

### **My final decision**

For the reasons set out above, I don't uphold Mr K's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 8 March 2021.

Daniel O'Shea  
**Ombudsman**