

The complaint

Mr P complains that the information on his credit file provided by Vanquis Bank Limited (Vanquis) was wrong.

What happened

Mr P had a credit card with Vanquis. He was in financial difficulty. Several payment plans were agreed by Vanquis between September 2014 and July 2016. Mr P made payments to the account up to April 2017 when the account was closed. Notices of Default were sent to him in September and October 2016. There was a refund of interest and charges made in October 2016, so no action was taken on these. In March 2017, a Notice of Default was sent to Mr P.

Mr P complained that he should have been defaulted in the period between 2014 and 2015 when he missed payments. But he shouldn't have been defaulted between 2016 and 2017 as he wasn't three months in arrears. He was having trouble getting a mortgage as a result of the default registered in March 2017.

Vanquis replied to Mr P in August 2020. They said that various payment plans were agreed with Mr P:

Date	Monthly Payment Plan Agreed
September 2014	£25.25
March 2015	£23.31
August 2015	£39.96
December 2015	£41.96
March 2016	£42.79
July 2016	£46.19

They said that the late payment markers reported to the credit reference agencies were correct. For the period between November 2014 and February 2017, only partial payments were received in 18 of the months and therefore late payments were reported to the credit reference agencies. But Notices of Default were sent in September 2016, October 2016 and February 2017. No action was taken on the first two notices – because there was a refund of interest and charges of £677.18 made in October 2016. They paid £50 compensation for that error. They said that this hadn't affected the monthly repayments. They said the account was repaid in April 2017.

Mr P brought his complaint to this service. Our investigator looked at what had happened. She noted the normal practice of registering a default when an account is at least three months in arrears. She said that on several occasions, payments were made late or partial payments were made. But the arrears didn't amount to three months' payments at any point up to 2017. Therefore, Vanquis were ok in not defaulting the account up to then. She said that no action had been taken on the Notices of Default in September 2016 and October 2016 because of the refund of interest and charges in October 2016. She thought that Vanquis had acted correctly in advising the late payments to the credit reference agencies in 2017 and had therefore acted reasonably.

Mr P asked that his complaint be reviewed by an ombudsman.

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.

Mr P is anxious that his credit record is accurate. He has found it difficult to get a mortgage because of what is shown. He believes he should have been defaulted between 2014 and 2015 - so those entries would now be running off after six years. As it is, he says the default registered in 2017 won't disappear until 2023.

We are guided here by the Information Commissioner's Office (ICO) which says when a consumer is at least three months behind with their payments then a default may be registered. And it would expect a default to be registered by the time the consumer is six months behind with their payments. It is the business' responsibility to put an entry on the credit file. This cannot be taken off unless it is an error.

Looking at the period between October 2014 and August 2016. I can see that in many months, Mr P paid partial amounts towards the agreed payments. I have been through his statements - there was only ever maximum arrears of two months. So, Vanquis were right to register late payment markers at the credit reference agencies. Mr P wasn't ever three months in arrears, so Vanquis didn't register a default.

Looking at what happened in September 2016. Vanquis sent Mr P a Notice of Default for £97.45. A further Notice of Default was sent in October 2016 for £130.35. But both were put right when Vanquis made its refund of interest and charges of £677.18 at the end of October 2016. So - payments were brought up to date. And no action was taken by Vanquis.

But turning to what happened between January 2017 and March 2017. In the January 2017 statement - payments made weren't enough and so the account was one month in arrears by £51.11. In February 2017 - no payments were received and so payments were two months in arrears. In the March 2017 statement - a small payment of £6.53 had been made – but not enough to meet the agreed payment plan. So, the account was marked by Vanquis as three months in arrears. I can see that this was set out in the statements sent to Mr P. I can see that there was a Notice of Default sent to Mr P on 16 March 2017 with the balance £62.78 debit. I've looked at what Vanquis did, and I can't say they did anything wrong.

But - Mr P is concerned – he says that a default was registered on his credit file by Vanquis. But it wasn't. What the Notice of Default sent on 16 March 2017 said was – if you don't bring the account up to date, a default may be registered – but it wasn't, as Mr P paid the account off in April 2017.

Vanquis have told us that a default wasn't registered – but they told the credit reference agencies that Mr P was late with payments. They had to do this. But - this is a different thing. I can see that Mr P's records at the credit reference agencies show that he was one month late in January 2017, two months late in February 2017 and three months late in March 2017. And the account was repaid in April 2017. How lenders choose to interpret this information is up to them – but late payments are not the same as a registration of default.

So, hopefully this will help Mr P understand better what happened here. But - I cannot say that Vanquis did anything wrong here and I won't be asking them to do anymore.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 17 March 2021.

Martin Lord
Ombudsman