

The complaint

Mr P complains that Vanquis Bank Limited (Vanquis) defaulted his account and didn't tell him about the change of debt collection agency.

What happened

Mr P was made unemployed in May 2018 and was struggling to pay Vanquis. He spoke to Vanquis in October 2018 and agreed to pay £20 per month. The first payment of £10 on 1 November 2018 wasn't made. A Notice of Default was sent to Mr P. He didn't pay anything to Vanquis. In January 2019, the account was defaulted. The debt was passed to a debt collection agency ('DCA1'). In April 2019, the debt was passed back to Vanquis. In October 2019, Mr P was told by Vanquis that his debt was still with DCA 1. In September 2020, no payments had been received and Vanquis sold the debt to another debt collection agency ('DCA2').

Mr P complained that he should've been given the chance to get back on his feet in November 2018 and December 2018 – rather than going ahead and defaulting him. And because he was misinformed in October 2019 that his debt was still with DCA1 (and not with Vanquis), he couldn't go ahead and make any payments.

Vanquis said that they were sorry that Mr P was misadvised in October 2019 that his debt was with DCA1. They paid £25 compensation. The last payment made to Vanquis was in May 2018. Because the agreed payment plan wasn't followed in November 2018, a Notice of Default was sent to Mr P. No payments were received, and a default was registered on Mr P's credit file. The debt was passed to DCA1 in January 2019. It was returned to Vanquis in April 2019. Mr P was advised of this in August 2019 when he complained to Vanquis. Because no payments were received, the debt was sold to DCA2 in September 2020. They said that it was Mr P's responsibility to make payments or make sure a plan is put in place. Vanquis had a responsibility to report accurate data to credit reference agencies – and Mr P's default would stand.

Mr P brought his complaint to this service. Our investigator said Vanquis had acted reasonably. A payment plan had been agreed in October 2018 – but Mr P hadn't followed it. So, it was OK for them to default Mr P in January 2019. Vanquis had apologised for their mis-communication on October 2019 and paid compensation of £25 for that. Their letter of August 2019 said that the debt had been transferred from DCA1 to them. But it was up to Mr P to make efforts to repay the debt – whoever it was with.

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 has two complaints – that Vanquis shouldn't have defaulted him; and that he didn't know who was managing his debt – so he hadn't made any payments.

Mr P was in financial difficulty - he was unemployed from May 2018. Businesses have an obligation to treat customers in financial difficulty sympathetically and the Financial Conduct Authority (FCA) says that businesses like Vanquis should treat customers in difficulties with forbearance and due consideration. For example, a business might suspend or waive interest, accept lower payments or defer them, and allow customers more time to repay their debt. So – I need to consider whether Vanquis did act in accordance with this guidance when dealing with Mr P.

From May 2018, Vanquis gave him some time to sort himself out until October 2018, when he called them. I've listened to this call. The call handler was very sympathetic. She went through Mr P's income and expenditure. A payment plan of £20 per month was agreed. The first payment was £10 on 1 November 2018, and £20 per month after that. The terms of the plan were read out – including a request that Mr P should get in touch if he couldn't pay. He was on income support. The only expenditure declared by Mr P was his mobile phone contract. There were no other debts. He was living with his parents – so £20 per month seemed affordable. Interest and charges were stopped.

Unfortunately, Mr P didn't make the payments. So, Vanquis sent him a Notice of Default on 13 November 2018 – as Mr P's payments hadn't been made, this asked that a payment of £304.56 was needed by 2 December 2018. No payments were again received, so the default was registered on Mr P's credit file in January 2019 and the debt passed to DCA1.

The guidance from the Information Commissioner's office (ICO) is that defaults should be registered where payments haven't been made for three months or more. Mr P hadn't made any since May 2018 – so Vanquis were correct in registering the default. And like all lenders, Vanquis have a responsibility to report information to credit reference agencies.

So, the actions taken by Vanquis regarding Mr P's default were correct. And, Vanquis did treat Mr P with forbearance – as they agreed with him a realistic payment plan – and without interest or charges.

Mr P says that he didn't make any payments to his debt because he wasn't certain who was managing it. The debt was passed to DCA1 in January 2019, and then passed back to Vanquis in April 2019 when DCA1 couldn't agree a plan with Mr P. It's not clear what happened between then and August 2019 when Mr P complained to Vanquis. But in their response dated 19 August 2019, they said the debt was with them – and unless repayments were made, it could be passed to another debt collection agency. They also asked him to contact their financial difficulties department to agree a payment plan. Unfortunately, when Mr P called them in October 2019, he was wrongly told that the debt was with DCA1. In September 2019, it had been sold to DCA2.

I can see where Mr P is coming from – he says he didn't know who to contact or who to pay. So, he couldn't set up a payment plan. And if he had, he would be in a better position now. But equally, he hadn't made any payments since May 2018. And the responsibility for the debt and its repayment was his – so I don't think he can fairly argue that it wasn't up to him. He could easily have called either DCA1 or Vanquis to deal with the debt, or agree a payment plan, but he didn't.

I agree that Vanquis made a mistake in telling Mr P in October 2019 that his debt was with DCA1 – but looking at everything here, I don't think this should have caused Mr P to not try to deal with his debt. And Vanquis did apologise for what happened and paid compensation of £25, which I think was fair.

So, in summary, I don't think Vanquis did anything wrong and I won't be asking them to do anymore here. I hope the Mr P will now get in touch with DCA2 and agree a sensible payment plan.

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 25 March 2021.

Martin Lord
Ombudsman