

The complaint

Mr L complains that defaults were wrongly registered by Vanquis Bank Limited (Vanquis).

What happened

Mr L had a credit card from Vanquis. In 2016, he was due to make minimum payments of £41.91 per month. Notices of Default were sent to him on 25 February 2016, 2 September 2016, 3 April 2017, 2 January 2017 and 4 December 2017. His account was passed to a DCA for payments to be collected in January 2018. A default was registered in May 2019.

Mr L complains that the default should've been registered earlier – in 2016 or 2017, when he was behind with payments – and not in 2019. As a result, he was now struggling to get credit – because the entries remain on his credit file for six years.

Vanquis said the Mr L satisfied the Notices of Default in 2016 and 2017, and so the default wasn't registered then. But he didn't pay off the arrears on the last Notice of Default – 4 December 2017. And they could apply a default to Mr L's credit file at any time after that. And as payments continued to be missed, the default was correctly registered in June 2019.

Mr L brought his complaint to us. Our investigator said that from December 2017 until June 2019 (when the debt was repaid), there were arrears. These built up in 2019 and Vanquis were justified in registering a default in May 2019.

Mr L asked that his complaint be looked at 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.

I can see where Mr L is coming from. He was struggling to make payments in 2016 and 2017 and missed payments then. But Vanquis didn't register a default until May 2019. If they'd done that earlier, the six-year period would have started earlier – so he would be free of the default earlier also.

The guidance for dealing with debts in arrears are set out by the Information Commissioner's Office (ICO). This 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.

I've looked at Mr L's statements and Notices of Defaults.

Mr L had to make monthly payments of £41.91 in 2016 and 2017. Vanquis sent him Notices of Defaults in February 2016, September 2016, January 2017 and April 2017. I can see that each time, Mr L made payments to his account – which stopped Vanquis from registering a default. In March 2016, he paid in £200 and in April 2016 he paid in £50 - which reduced the

arrears at that time. In September 2016, he paid in £85 – which again reduced the arrears. Between January 2017 and May 2017, Mr L made seven payments of £42 – again reducing the arrears. But – there were still some arrears outstanding but not three months. So, I can see why Vanquis didn't take further action then.

But there were still arrears in December 2017, and these increased to three months in January 2018 with arrears of £125.55. The account was passed to a DCA to collect the payments in January 2018 – and payments of £100 per month agreed. I can see that nine payments were made in 2018, but three were missed. between December 2018 and May 2019, only two payments were made – resulting in arrears of £435.55 by May 2019.

So – Mr L had stayed in arrears since the last Notice of Default in December 2017. And the arrears shown in it were never cleared. So – the Notice of Default dated 4 December 2017 was still effectively in operation. And while in an ideal word, Vanquis might have sent another Notice of Default – they didn't have to. And so, when Mr L's situation got worse in 2019 – I can't say that Vanquis were wrong on registering the default in May 2019.

So – and I can see my decision will be disappointing for Mr L, I won't be asking Vanquis to do anymore here.

My final decision

I do not uphold this complaint.

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

Martin Lord
Ombudsman