

The complaint

Ms P complains that she got misleading information from Vanquis Bank Limited (Vanquis) and her credit file was wrongly marked.

What happened

Ms P had a credit card from Vanquis. She was struggling with payments. In October 2019, her debt of £3,365 was transferred to a debt collection agency (DCA). She agreed to pay £150 to the DCA. But she remained in arrears until May 2020.

Ms P complained. She said she couldn't understand why she was getting statements from Vanquis when her debt was with the DCA. And because she was paying £150 per month to the DCA, she didn't see how she owed £157.13 to Vanquis. She thought this was due to charges and didn't have to be paid. She thought he was told to ignore the statement in January 2020. She paid off the £157.13 in May 2020, but the next statement showed £43.54 was due – this must be a mistake. Overall, she said Vanquis' communications were confusing.

Vanquis said Ms P had missed payments between July 2019 and April 2020. So those were shown on her credit file. Vanquis had a responsibility to report accurate information to credit reference agencies. Because Ms P cleared the arrears with payments of £300 in April 2020 and May 2020, the arrears would no longer show on her credit file from May 2020.

Ms P brought her complaint to this service. Our investigator looked at what had happened. She said that the payment of £1000 made by Ms P in December 2019 didn't clear the arrears of £1157.13. So, the January 2020 statement showed a payment of £157.13 was needed. Ms P paid £150, so some arrears were still outstanding. Vanquis had correctly advised late payment markers to credit reference agencies until May 2020 when the arrears were cleared. Vanquis told her that they couldn't explain why the June 2020 statement showed that £43.64 was needed – this must have been an error - and agreed to pay compensation of £75 for that.

Ms P asked that her complaint be reviewed by an ombudsman.

I reached a provisional decision where I said:

Ms P's problems arose when she was struggling in 2019 – on several months, no payments were made into her account. So, by October 2019, there were arrears built up of £760.11. And then the account was passed to a DCA to manage. It's important to say that the arrangement that Vanquis had with the DCA was that they were a collection agent – so Ms P paid money to the DCA – and agreed a payment plan with them. But the debt remained with Vanquis and statements were sent by them. I've seen the letter to Ms P from the DCA dated October 2019 and it does say they were a collection agent.

I've looked at Ms P's Vanquis statements and the letters that Vanquis sent to her.

To help to understand what happened, I set out below what I found:

Date of Statement of Notice of Arrears	Arrears/Amount due	Comments
October 2019- Passed to DCA	£760.11 Arrears Amount due £955.23	<ul style="list-style-type: none"> • Notice of sum in arrears sent • £3365.10 passed to DCA
6 November 2019	£955.23 Arrears Amount due £1056.18	<ul style="list-style-type: none"> • Nothing paid in
8 December 2019	£1056.18 Arrears Amount due £1157.13	<ul style="list-style-type: none"> • Notice of sum in arrears sent
6 January 2020	£157.13 Arrears Amount due £307.13	<ul style="list-style-type: none"> • Paid in £1000: 18/12/2019
6 February 2020	£157.13 Arrears Amount due £307.13	<ul style="list-style-type: none"> • £150 paid in: 2/1/20 • Notice of sum in arrears sent
8 March 2020	£157.13 Arrears Amount due £307.13	<ul style="list-style-type: none"> • £150 paid in: 1/2/20 • Notice of sum in arrears sent
6 April 2020	£157.13 Arrears Amount due £307.13	<ul style="list-style-type: none"> • £150 paid in: 2/3/20 • Notice of sum in arrears sent
6 May 2020	£7.13 Arrears Amount due 157.13	<ul style="list-style-type: none"> • Paid in £150: 1/4/20 • Paid in £150: 1/5/20
June 2020	No arrears: £43.64 - minimum payment due	Paid in £157.13: 18/5/20
July 2020	No arrears	£150 paid in: 5/6/20
August 2020	No arrears	£150 paid in: 3/7/20
September 2020	No arrears	£150 paid in: 5/8/20

By the December 2019 statement, arrears of £1056.18 had built up. And adding the minimum amount due, £1157.13 had to be paid that month – and by 2 January 2020. Ms P paid £1000 on 18 December 2019. So, this still left £157.13 to be paid – so she was still in arrears by that amount. Ms P had agreed a payment plan of £150 per month with the DCA, and this was followed each month from the February 2020 statement (which showed that £150 was paid in on 2 January 2020). But – the key point is that Ms P didn't clear the arrears until May 2020 – when she paid in £300. So – she was always behind with her payments.

I've seen the statements Ms P was sent. There were also several notices of sums in arrears. Each one was clear and showed the arrears and amounts due to be paid. So, Ms P should've been aware of her situation. The December 2019 statement said, "*This month you must pay £1,157.13...*". The Notice of Sums in Arrears dated 8 December 2019 said "*the*

minimum payments that have been requested are...Net Arrears Outstanding £1,056.13..." Each statement from December 2019 to April 2020 stated the arrears as £157.13. There were three more Notices of Sums in Arrears – and each said there were arrears of £157.13.

I can see that Ms P's credit file shows late payments up to January 2020 – and this is correct. Vanquis have told us that Ms P's credit file will show that payments from June 2020 were up to date. Ms P has shown us her credit file, and this looks to be the case.

So, while I can see that Ms P found what happened confusing, it looks to me that Vanquis' communications were clear – and she had the chance to clear the arrears from December 2019 – but she didn't. Vanquis were correct in advising the credit reference agencies of late payments. So, I won't be asking them to do anymore in that respect.

Vanquis have told us that the June 2020 statement showing that a minimum payment of £43.64 was due appeared to be an error – as part of discussions with our investigator, they previously agreed to pay compensation of £75 for this. So, this provisional decision confirms that, subject to any comments that either Ms P or Vanquis may have.

Vanquis made no comments. Ms P said (in summary) that Vanquis' statements weren't clear. So, it wasn't surprising she got behind with payments. She thought her debt was with the debt collection agency, not Vanquis. If she had understood her situation, she would've made the payments.

So – I now need to make a final 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.

I've considered what Ms P has said. To me, it was clear that it was the DCA that were acting as an agent to collect Ms P's payments and pass them to Vanquis – that's why Vanquis sent statements showing the balance and amounts outstanding. And I think the Vanquis statements are clear. Also, taken as a whole, their communications over the period gave Ms P a lot of information as to where she stood – there were four Notices of Sums in Arrears between December 2019 and April 2020 which also showed minimum payments due (and when) and arrears outstanding.

So – having considered what Ms P has said, I won't be departing from what I said in my provisional decision for the reasons I gave in it.

My final decision

I uphold this complaint.

Vanquis Bank Limited should pay Ms P compensation of £75.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms P to accept or reject my decision before 19 May 2021.

Martin Lord
Ombudsman