

The complaint

Mr J complains Vanquis unfairly defaulted the credit card account he held with them.

What happened

Mr J held a credit card account with Vanquis. His account was defaulted in December 2019 after he experienced financial difficulties. Mr J cleared the balance he owed in May 2020.

In April 2021 Mr J complained to Vanquis and said they'd unfairly defaulted his account after he lost his job. He said he'd managed his account well before his brief spell of financial difficulties. Vanquis looked into Mr J's concerns and issued their final response. In this they explained they had correctly defaulted Mr J's account after he missed payments in June, July, and August 2019. Mr J remained unhappy, so he brought his complaint to our service.

Our investigator looked into what had happened but didn't think Mr J's complaint should be upheld. She agreed Mr J had missed payments and couldn't see that he had spoken to Vanquis about this at the time. Mr J disagreed with our investigator and maintained he had contacted Vanquis after losing his job.

Our investigator wasn't persuaded to change her mind, so Mr J asked for his complaint to 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.

Having done so, I'm not upholding this complaint. I know this isn't the answer Mr J hoped for, but I'll explain my reasoning below.

Mr J is unhappy Vanquis defaulted his account following a period of financial difficulties after being made redundant. Mr J has said Vanquis treated him unfairly because it's now causing him difficulties in finding a mortgage, and that he told them about his financial difficulties at the time. Mr J doesn't dispute that he missed some payments towards his credit card account. So, for me to uphold his complaint I'd need to be satisfied Vanquis either defaulted his account incorrectly, or their actions caused Mr J to reasonably believe there would be no consequences for not making his obligated payments.

Before defaulting an account, we'd expect businesses like Vanquis to follow the guidance set by the Information Commissioner's Office (ICO). They say a default may be registered when a consumer is at least three months behind with their payments, and by the time the consumer is six months behind. To determine whether Vanquis acted in line with this guidance, I reviewed Mr J's statements.

Vanquis provided us with statements dating back to 2017, so I've been able to get a good picture of the way Mr J managed his account. Having done so, he did generally keep up with his payments, but in line with his testimony about losing his job, things changed in 2019. I've

seen that despite there being an outstanding balance, Mr J didn't make any payments from June 2019 to December 2019 – when his credit card account was defaulted. The lack of payments meant Mr J's account was more three months in arrears, so defaulting his credit card account around the six-month mark, in December 2019 was in line with the relevant guidance I'd expect Vanquis to follow. So, in that respect, I do not consider Vanquis defaulted Mr J's account prematurely.

Vanquis has also sent copies of the letters that were sent to Mr J when his account was in arrears. Having reviewed these, I'm satisfied they sent him clear information that detailed the status of his account and explained what the consequences might be if he didn't bring his account up to date. And before his account was defaulted, they correctly sent him a default notice in August 2019 that gave him the opportunity to bring his account up to date. Vanquis encouraged Mr J to contact them if he was experiencing difficulties with his repayments, and this is what I'd expected them to have done before defaulting Mr J's account. So again, I'm satisfied they did the right thing here.

Mr J says he called Vanquis on at least two occasions to let them know he may not be able to make his repayments due to losing his job. He said the first time he called was in April 2019. However, Vanquis has no records of these calls.

Mr J hasn't been able to send us anything that demonstrates when these calls took place. He also hasn't explained what Vanquis told him during these calls. So, given this limited information, and the fact he didn't have an outstanding balance in April 2019, I can't place much weight on this. And for that reason, I'm not persuaded that Vanquis did anything that legitimately caused Mr J to believe there would be no consequences to him not making payments towards his outstanding balance.

Vanquis is obligated to report accurate information to credit referencing agencies, so them reporting Mr J's missed payments and subsequent default was reasonable. I appreciate the default is now causing Mr J problems in securing a mortgage, however, I do consider Vanquis did the right thing in 2019. I understand it's frustrating the default will be on Mr J's credit file for a total of six years. However, they can be a useful tool to help consumers who are unable to make payments towards their borrowing. That's because they prevent additional interest and charges being added to the balance. Given Mr J didn't repay what he owed until May 2020, I'm satisfied a default was a fair and correct course of action for his circumstances – particularly given no payments had been made since June 2019.

Given the above, I'm satisfied Vanquis treated Mr J fairly, and I won't be asking them to remove the default from his credit file.

My final decision

My final decision is that I do not uphold Mr J's complaint about Vanquis Bank Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 8 February 2022.

Sarrah Turay
Ombudsman