

## **The complaint**

Mr P complains that Vanquis Bank Ltd reported loan payment arrears on his credit file when they'd said they wouldn't.

## **What happened**

Mr P had a personal loan and credit card with Vanquis. In or around April 2020, he contacted Vanquis and told them his income had been negatively impacted as a result of the global pandemic.

Vanquis agreed payment holidays for both his loan and credit card from April 2020 to October 2020. Mr P's income situation hadn't improved by the time these arrangements finished. So, he contacted Vanquis to explain his situation and ask for further support.

Vanquis agreed payment plans for Mr P's personal loan and credit card accounts. They agreed he could pay £1 each month to each account. They told him that no arrears would be reported on his credit file if he maintained those payments. They confirmed that his credit file would show that a payment arrangement was in place. Mr P accepted Vanquis' offer of support and maintained payments, as agreed.

In January 2021, Mr P noticed that Vanquis had reported arrears on his credit file in respect of his personal loan, despite him maintaining the reduced payments agreed. But they hadn't reported arrears on his credit card account. Mr P contacted Vanquis as he thought they'd made a mistake. But Vanquis didn't think they had. So, Mr P raised a complaint with them.

Vanquis responded to Mr P's complaint by letter in February 2021. They said they hadn't made any mistakes in reporting the information they had. But they did accept they'd had misinformed Mr P during his telephone conversation with them. To compensate Mr P, Vanquis credited £25 to Mr P's credit card account.

Mr P wasn't happy with Vanquis' response to his complaint. He thought the information reported to the credit reference agencies wasn't right, as he'd maintained payments under the new arrangement. So, he asked this service to investigate his complaint for him.

One of our adjudicators investigated Mr P's complaint. They didn't agree that Vanquis had made a mistake reporting the information they had. But our adjudicator did agree Mr P had been misinformed. They asked Vanquis if they might consider increasing the compensation they'd paid to Mr P. But Vanquis thought the compensation they'd already paid was fair.

Mr P didn't agree with our adjudicator's findings. He said, *"Different choices could have been made at the time if this information was relayed to me correctly"*. As an agreement couldn't be reached, Mr P's complaint has been passed to me to reach 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.

The Financial Conduct Authority (FCA) issued guidance to lenders on 2 April 2020 which explained what they expected from businesses during the exceptional circumstances arising

out of the global pandemic. They provided guidance asking businesses to consider payment deferrals of up to three months under regulated credit agreements.

The FCA said their guidance applied where consumers were already experiencing or reasonably expect to experience temporary payment difficulties as a result of the pandemic. The FCA also said that *"firms should ensure that there is no negative impact on the consumer's credit file because of the payment deferral"*.

Further guidance issued by the FCA on 1 July 2020 extended these measures, and where consumers were still struggling due to the global pandemic, businesses were advised to freeze or reduce their payments for a further three months.

Vanquis agreed payment deferrals for Mr P's personal loan and credit card accounts for a total of six months until October 2020. The missed payments, during this time, weren't reported on Mr P's credit file. So, it appears Vanquis complied with the FCA's guidance.

The FCA's credit sourcebook (CONC) provides rules and guidance for situations where a consumer is experiencing financial difficulty. These rules are distinct and separate from the FCA's COVID payment deferral guidance and generally apply where any difficulties are considered to be more long term or serious by nature. CONC 7 includes the following:

*"Lenders should consider consumers in default or in arrears difficulties with forbearance and due consideration. Examples include:*

- *Suspending, waiving or cancelling any further interest or charges*
- *Allowing arrears to be deferred where immediate payment could cause payments to be unsustainable or where the term would not be increased excessively*
- *Accepting token payments for a reasonable period of time in order to allow the consumer to recover from unexpected reduction in income"*

But unlike the COVID payment deferral guidance, businesses are still required to report any arrangement or arrears to the credit reference agencies.

As Mr P was still unable to maintain payments under the agreements, Vanquis agreed to accept reduced payments of £1 each month to each account as part of a reduced payment arrangement. These arrangements would be reported on Mr P's credit file with the credit reference agencies, so would be visible to any other prospective lenders going forward.

Unfortunately, when these arrangements were agreed, Vanquis told Mr P that they wouldn't report any arrears on Mr P's credit file for either the personal loan or credit card accounts. Vanquis have agreed that Mr P was misinformed here.

They've since explained that provided the £1 payments were maintained to Mr P's credit card account, no arrears would be reported. A credit card is a revolving credit facility. As such, it isn't subject to a structured repayment profile. This means that the balance owed can fluctuate and the amount of interest and term of the debt isn't set at the outset.

The same principal doesn't apply for Mr P's personal loan. The loan term and interest amount are fixed at the outset and documented in the associated loan agreement. Accepting that Vanquis agreed a reduced payment plan for a period, they still need to report on Mr P's credit file that the originally agreed repayments weren't being made. Vanquis would be obliged to do that under the reporting guidance and rules set by the Information Commissioner's Office (ICO). So, I can't reasonably say that Vanquis made a mistake here.

Mr P told this service he would've made different choices if he'd been informed correctly, at the outset. He said he would've accepted financial help offered by family members. Mr P also said the loan was repaid using that family support, once he was aware that arrears were being reported. Mr P became aware of the reported arrears in January 2021, but he said the loan wasn't repaid until May 2021.

Having agreed they misinformed Mr P, Vanquis paid compensation of £25 to his credit card account. And I think it's fair they recognised their mistake here. But Vanquis haven't agreed to increase that amount.

Compensation is a personal thing. What is seen as reasonable by one party may not be considered so by another. Mr P did experience some inconvenience. But I don't think Vanquis made a mistake in reporting what they did. I also haven't seen anything to suggest Mr P could've repaid his loan sufficiently early enough to avoid any arrears being reported at all. So, the Vanquis' offer feels fair in these circumstances. I appreciate Mr P doesn't agree. But it isn't the role of this service to make awards in order to penalise Vanquis for their mistakes. Any award is considered based upon the impact Vanquis's mistake had upon Mr P. And I think Vanquis' have done that here.

I appreciate Mr P will be disappointed, but I shan't be asking Vanquis to do any more.

### **My final decision**

For the reasons set out above, I don't uphold Mr P's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 5 April 2022.

Dave Morgan  
**Ombudsman**