

The complaint

Mr B complains that Vanquis Bank Limited (Vanquis) failed to respond to his request for a payment freeze, issued a default on his account and recorded it on his credit file.

What happened

Mr B held a credit card account with Vanquis. He says that in February 2020, he was furloughed from his job and also hospitalised as a result of an injury he sustained. This resulted in a three-month absence from working.

Mr B says he contacted Vanquis to request a payment break under guidelines issued by the government during the global pandemic. He'd been receiving text message reminders from Vanquis. Mr B says that he had no existing defaults but was struggling to meet his monthly card payments. He says he offered to pay a reduced amount each month.

Mr B recalls that in April 2020, he had a digital message conversation with Nationwide. They said they'd refer his situation to another advisor but then didn't respond back to him. Mr B says he attempted to contact Vanquis by telephone and email without success.

Mr B next recalls receiving default letters from Vanquis, adverse information reported on his credit file and he had also been blocked from accessing his account online. In the meantime, Vanquis continued to apply interest to his account. Mr B thought the service he'd received from Vanquis was poor. So, he complained to Vanquis in December 2020. He says he also submitted a data subject access request (DSAR) to Vanquis.

Vanquis responded to Mr B's complaint in January 2021. They didn't think they'd done anything wrong. They explained that Mr B had not made a payment to his account since January 2020. They referred to digital message conversations with Mr B which he appeared to have terminated. They also said they'd tried to contact him by telephone, text message and letter. But when then didn't receive a response, they issued a default notice and ultimately passed Mr B's outstanding account to a debt recovery agency.

Mr B wasn't happy with Vanquis' response. He had concerns about the honesty of their investigation into his complaint. He claimed their response wasn't a true reflection of what happened. So, he referred his complaint to this service.

Having investigated Mr B's complaint further, our adjudicator didn't agree that Vanquis had done anything wrong and their treatment of Mr B had been fair and reasonable, given the circumstances. Mr B didn't agree with our adjudicator's findings.

As an agreement couldn't be reached, Mr B's complaint has been passed to me to consider.

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 reviewed Mr B's account statements, I can see the last payment made to his account was in January 2020. No subsequent payments were received. So, from the information provided, I think it's clear that Mr B was struggling financially at that time.

Mr B's recollections suggest that his job was furloughed in February 2020. He also explained that he was hospitalised as a result of an injury. An injury sufficient to result in hospitalisation would undoubtedly have been distressing and worrying for him. So, I think it was important that Mr B contacted Vanquis to explain his situation and seek support.

Following the outbreak of the global pandemic in early 2020, the furlough scheme was announced by the government on 20 March 2020 and launched on 20 April 2020. So, I don't think Mr B's initial financial difficulties stemmed from being furloughed. That wouldn't have happened until later.

The Financial Conduct Authority (FCA) issued guidance to lenders on 2 April 2020 which explained what it expected from businesses during the exceptional circumstances arising out of the global pandemic. It provided guidance asking businesses to consider payment deferrals of initially up to three months under regulated credit agreements.

The FCA said their *"guidance applies in the exceptional circumstances arising out of coronavirus and its impact on the financial situation of" ... customers. "This guidance is not intended to have any relevance in circumstances other than those related to coronavirus"*. The FCA also said that *"where a customer was in pre-existing financial difficulty, our existing forbearance rules and guidance...would continue to apply"*.

I think it's clear that Mr B's financial difficulties pre-existed the impact of the global pandemic. So, the special guidance issued by the FCA wouldn't have applied here. But I would expect Vanquis to have considered alternative forms of forbearance to support Mr B.

Having considered all of Vanquis's file notes and records, it appears the first time Mr B contacted them was in early May 2020. This was through Vanquis' digital messaging service. He told them of his circumstances and Vanquis passed him to an appropriate advisor. But it appears Mr B didn't continue the digital conversation. There's no clear explanation of why that was, but I haven't seen any evidence to suggest that it was a result of anything Vanquis did. A further digital message exchange terminated similarly in early June 2020.

Vanquis have confirmed they continued in their attempts to contact Mr B by telephone, text and letter, without success. So, with arrears continuing to accumulate and no agreement or support in place, Vanquis issued a default notice towards the end of May. This explained that Mr B needed to make a payment and it also provided him their contact details.

I've not been provided with anything from either party to show that Mr B responded to Vanquis' default notice to discuss and agree any further support or arrangement. Ultimately, Vanquis defaulted Mr B's account, recorded that on his credit file and transferred the debt to a debt collection agency. Given the circumstances, I believe they were entitled to do that.

The Information Commissioner's Office (ICO) issue guidance and principles for the reporting of arrears, arrangements and defaults (PRAAD) at credit reference agencies. It says that as a general guide, *"a default may be recorded when you are three months in arrears, and normally by the time you are six months in arrears"*. Vanquis' actions appear to comply with these guidelines. So, I can't reasonably say that they've done anything wrong here.

I appreciate that Mr B feels that Vanquis didn't fully investigate his complaint here. I want to assure him that I have reviewed all the information and documents provided by him and Vanquis in reaching my decision. I also understand he will be disappointed, but I haven't seen anything that persuades me that Vanquis have treated Mr B unfairly or unreasonably here.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 15 June 2022.

Dave Morgan
Ombudsman