

The complaint

Mr K complains Vanquis Bank Limited (Vanquis) unfairly chased him for payments on his credit card account whilst on a payment holiday and marked his credit file.

What happened

Mr K says he contacted Vanquis in June 2020 following an agreed three-month Covid payment holiday, covering April 2020 to June 2020. This was to explain his circumstances had changed and his wife had been hospitalised. Mr K says he believed he was on a further three-month Covid payment holiday at this point, but despite this he received numerous letters and telephone calls chasing for payment and Vanquis then marked his credit file.

Mr K is upset with the way he has been treated by Vanquis and is looking for them to remove any adverse entries on his credit file, clear the balance of his credit card account and pay him compensation for the inconvenience caused.

Vanquis didn't feel it acted unreasonably when chasing Mr K for payment to his credit card account or marking late payments on his credit file, as the payment holiday had expired in June 2020. Vanquis says it has an obligation to correctly report its customers activity to the credit reference agencies. Vanquis says as a gesture of goodwill it would refund £107 in charges to Mr K's credit card account provided he made an immediate payment of £35.

Mr K wasn't happy with Vanquis's response and referred the matter to this service.

The investigator looked at all the available information and upheld Mr K's complaint. The investigator felt Vanquis, knowing the financial situation Mr K was facing in June 2020, should have provided a further three-month Covid payment holiday until September 2020, in line with the guidance provided by the Financial Conduct Authority (FCA). The investigator also felt Vanquis had acted unreasonably when it continued to chase Mr K for payment, knowing of his financial circumstances and his wife's hospitalisation.

The investigator instructed Vanquis to :

Apply the payment holiday to the account, back dating it from July 2020 when it should've been offered. Remove any adverse information reported to the Credit Reference Agencies from the day Mr K called them. Pay Mr K £200 in compensation for the unnecessary distress and inconvenience caused. Vanquis agreed with the investigator's view and proposed further actions it would take to settle the matter.

Vanquis agreed to recall Mr K's credit card account from the debt collection agency and discuss a repayment plan with him, and to:

Remove the late payment entries from Mr K's credit file from July 2020 to September 2020 inclusive and additionally from November 2021 through to February 2022.

Refund three late payment fees for July 2020 to September 2020.

Agree to pay £200 in compensation to Mr K and an additional £100 for the delay in clarifying

the settlement. Making a total of £300 in compensation.

The investigator felt Vanquis's offer was fair, but Mr K didn't agree and asked for the matter to be referred to an ombudsman for 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.

Having done so, I have come to the same outcome as the investigator and I will explain how I have come to my decision.

It's clear Mr K has been through a stressful time and that must have been difficult for him. When looking at this complaint I will consider if Vanquis acted fairly when it marked his credit file and chased him for payment to his credit card account, even though Mr K believed he had a payment holiday in place.

The first thing to say here is the investigator has outlined to Vanquis its responsibilities surrounding the arrangements for consumers, when a Covid payment holiday has been agreed. Here, Vanquis agreed a Covid payment holiday for three months expiring in June 2020 and that is what I would have expected to see, in line with the guidance provided by the FCA at that time.

Like the investigator, I am satisfied when Mr K contacted Vanquis in June 2020 explaining his financial circumstances, a further three-month Covid payment holiday should have been agreed. It's also fair to say if it had been agreed the numerous telephone calls Mr K received wouldn't have been necessary and in any event being aware of Mr K's request to limit these calls, because of his personal situation and his wife's hospitalisation, it could have been a little more sympathetic.

What is important is Vanquis have accepted its failings here and agreed to put matters right in line with the investigator's view and have also agreed to the following :

To recall Mr K's credit card account from the debt collection agency and discuss a repayment plan with him. Remove the late payment entries from Mr K's credit file from July 2020 to September 2020 inclusive and additionally from November 2021 through to February 2022. Refund three late payment fees for July 2020 to September 2020. Agree to pay £200 in compensation to Mr K and an additional £100 for the delay in clarifying the settlement. Making a total of £300 in compensation.

Mr K was sent the details of this offer but didn't feel it went far enough and is looking for further compensation for the trouble and upset this has caused him and for his credit card debt to be written off.

While I understand Mr K feels strongly about this matter, I can't tell Vanquis to write off the balance of his credit card account, after all he has benefited from the use of those funds. What I can consider is whether the offer made by Vanquis is fair and reasonable. Vanquis have accepted that it should have made available a further three-month Covid payment holiday in June 2020 and have agreed to rectify any adverse entries on Mr K 's credit file as a result of that not being in place. Additionally, Vanquis agreed to refund any late payment fees charged as a result, putting Mr K back into the position he would have been had the further three-month payment holiday been in place.

It's also worth saying that it's not the role of this service to penalise businesses when

mistakes are made, but to ensure matters are put right and I am satisfied this has happened here, given Vanquis improved the investigator's suggested redress to £300.

It is important that Mr K now opens a dialogue with Vanquis's collections department to agree a suitable repayment plan going forward. While Mr K will be disappointed with my decision, I am satisfied that Vanquis's offer to settle matters is fair and reasonable.

Putting things right

I instruct Vanquis Bank Limited to:

Recall Mr K's credit card account from the debt collection agency and discuss a repayment plan with him.

Remove the late payment entries from Mr K's credit file from July 2020 to September 2020 inclusive and additionally from November 2021 through to February 2022.

Refund three late payment fees for July 2020 to September 2020.

Pay £200 in compensation to Mr K and an additional £100 for the delay in clarifying the settlement. Making a total of £300 in compensation.

My final decision

My final decision is that I uphold this complaint.

I instruct Vanquis Bank Limited to:

Recall Mr K's credit card account from the debt collection agency and discuss a repayment plan with him. Remove the late payment entries from Mr K's credit file from July 2020 to September 2020 inclusive and additionally from November 2021 through to February 2022. Refund three late payment fees for July 2020 to September 2020. Pay £200 in compensation to Mr K and an additional £100 for the delay in clarifying the settlement. Making a total of £300 in compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 28 August 2022.

Barry White
Ombudsman