

The complaint

Mrs C complains that Vanquis Bank Limited issued a default notice on her credit card account and passed the account onto a third party.

What happened

In mid-2021, Mrs C agreed a payment plan on her credit card with Vanquis and paid the required amount for six-months. Mrs C's financial position worsened, and Vanquis issued a default notice in May 2022 and the default was registered in June.

Mrs C complained to Vanquis that she wasn't aware the arrangement she entered into only lasted six-months and says that she didn't receive correspondence from Vanquis telling her of the default notice. Mrs C said she told Vanquis that she wanted to cancel the card and that her parents could help her with an arrangement to pay off the debt. Vanquis didn't uphold the complaint and explained Mrs C had entered into a six-month arrangement and that it had reminded Mrs C the arrangement was coming to an end. Vanquis says it had sent several additional letters to Mrs C which included a default notice in May, and as Mrs C wasn't reasonably in a position to set-up a new arrangement it recorded the default with the credit references agencies. Vanquis says it then closed the account and sold it to a third party in August.

Mrs C brought the complaint to the Financial Ombudsman Service where one of our Investigators looked into things. The Investigator thought Vanquis hadn't done anything significantly wrong when it registered the default with the credit reference agencies. Mrs C asked that an Ombudsman decides the complaint.

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 crux of Mrs C's complaint is that Vanquis shouldn't have registered a default on the account as she never defaulted on the payments. I have great deal of empathy with Mrs C and acknowledge that she has faced some difficult times over the last few years, yet she managed to keep up with the arrangement she initially agreed with Vanquis. So, I understand Mrs C will be disappointed that I've not upheld this complaint and, but I will now explain why and address some of the relevant comments I've received from Mrs C.

It's not disputed that Mrs C entered into an arrangement with Vanquis in 2021, nor that during this time she kept up with the arrangement. The agreement included a reduction in the interest rate applied to the account during this period. Mrs C says she was unaware the arrangement was temporary and feels that Vanquis should have agreed a longer period. Case notes provided by Vanquis record the arrangement was for six-months and that it wrote to Mrs C in September to confirm the arrangement. Regardless of this, Vanquis wrote to Mrs C in February 2022 to remind her the arrangement had ended and continued to send statements for her credit card account. Mrs C says she didn't receive this reminder, but I'm satisfied that it was more likely than not sent by Vanquis to the reminder and the card

statements to the address it held for Mrs C at the time. I've also noted that shortly after this letter had been sent out and Vanquis recorded that Mrs C had called it and indicated she would struggle to meet the new repayments, as the interest rate had increased. So, I think it's likely Mrs C was aware the arrangement had ended at this time.

Mrs C feels Vanquis should have agreed a longer arrangement than the six-months it did. I can't tell Vanquis what period it should have agreed at the time, but it seems to me that the agreement for a six-month period wasn't unreasonable and demonstrates Vanquis took into account Mrs C's circumstances at the time and were sympathetic to them.

After Vanquis reminded Mrs C that the agreement was ending, it issued further letters in April and May - the latter being a default notice. These were also issued to the address Vanquis held for Mrs C at the time. The April letters told Mrs C that she'd missed two payments on her account and that if Mrs C didn't agree a new suitable arrangement within 14 days, a default notice would be issued. As no agreement was reached Vanquis issued a default notice on 13 May which informed Mrs C that if she failed to pay the arrears, or reach a suitable agreement, the default would be notified to the credit reference agencies and her account may be transferred to a third party.

There's no dispute Vanquis and Mrs C couldn't reach a suitable agreement in May, nor that Mrs C was able to clear the arrears on the account. Mrs C feels that Vanquis should've accepted a payment from her, but Vanquis felt it couldn't do this as Mrs C's current outgoings significantly exceeded her income. I don't think it was unreasonable that Vanquis made this decision in view of the circumstances at the time.

Ultimately, as Vanquis didn't receive a payment to clear the arrears and were unable to enter into a reasonable agreement with Mrs C for payment by 10 June, it notified the credit reference agencies of the default. I don't think Vanquis did anything significantly wrong here and as Vanquis has a responsibility to provide accurate information to the credit reference information, I won't be asking it to remove the information it provided. The information provided accurately records Mrs C's account was more than three-months in arrears. Vanquis had provided Mrs C with the opportunity to clear the arrears and provided details of outside agencies who she could contact for help.

Mrs C later offered to clear the arrears with the help of family, but unfortunately this wouldn't have changed the default being registered in June. Mrs C believes Vanquis shouldn't have sold her account to a third party, but this is what Vanquis told Mrs C it would do in May if she didn't pay off the arrears or reach an agreement. So, I don't think Vanquis did anything wrong here.

My final decision

For the reasons I've detailed above I've decided not to uphold Mrs C's complaint against Vanquis Bank Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 26 July 2023.

Paul Lawton
Ombudsman