

The complaint

Ms N complains that Vanquis Bank Limited unfairly defaulted her credit card account.

What happened

Ms N fell behind with her monthly payments to her credit card account. She contacted Vanquis on 26 August 2021 and it offered her a breathing space for one month. She called at the end of that month on 29 September and a further 30 days grace was provided. Ms N had explained she was due to start new job and would receive her first salary in a month's time.

At this time she also complained about the number of letters she had been receiving from Vanquis and it agreed to stop calls and texts, but explained it had a legal duty to send certain letters. The issue of the amount of contact was the subject of a separate complaint so I am not considering it here.

After payment had not been made Vanquis issued a Notice of Default ('NOD') on 15 October 2021 which said she had until 3 November 2021 to pay her arrears. It subsequently defaulted the account on 28 February 2022.

Vanquis rejected Ms N's complaint and she brought the matter to this service. It was considered by one of our investigators who didn't recommend it be upheld.

She referred to the Information Commissioner's Office ('ICO') guidance which says that when a consumer is at least three months behind with their payments then a default may be registered. And it would expect a default to be registered by the time the consumer is six months behind with their payments. She thought Vanquis had complied with that guidance.

I think Vanquis' NOD letter dated 15 October 2021 outlined what could happen i.e. a default would be applied to Ms N's credit file – should the arrears of £435.97 not be settled by 3 November 2021 whether this was repaid in one lump sum, or an agreed arrangement.

Given the default wasn't applied until much later, 28 February 2022, she thought Ms N had sufficient time to repay outstanding arrears – or contact Vanquis to arrange a payment plan.

She noted Vanquis had offered to alter the date of the default to 4 November 2021 which would mean it would be cleared from Ms N's credit history more quickly. Our investigator thought that was a reasonable offer.

Ms N didn't agree and said as a result of her call she believed she had been given a grace period until the end of October. As such she didn't read the NOD letter.

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.

While I sympathise with Ms N I do not consider I can uphold her complaint. I will explain why.

Ms N entered into an agreement with Vanquis when she opened her credit card account which included an obligation to make minimum monthly repayments. She was unable to meet this requirement and sought help from Vanquis. It offered support on two occasions and each time it gave her a 30 day grace period to allow her time to make a payment.

That extended until 3 November 2021 and Vanquis didn't default her account until several months later. This allowed her time to address her arrears. It seems that she didn't read the NOD and so she was unaware of this. That is unfortunate, but I cannot hold Vanquis responsible for that. She had also asked that it stop bombarding her with communications and it held back on calls and texts. Maybe if this hadn't been the case Ms N may have been aware of her situation.

She may have believed she had more time to resolve her situation, but I do not think anything Vanquis did gave her cause to believe that.

Although the account was not defaulted until February 2022 Vanquis have offered to bring that forward which would mean it clears from Ms N's credit history sooner. I consider that to be a fair offer.

Overall, I cannot safely conclude that Vanquis did anything wrong in its handling of this matter.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms N to accept or reject my decision before 9 July 2024.

Ivor Graham
Ombudsman