

The complaint

Mr S has complained that Vanquis Bank Limited unfairly defaulted his account, even though he was keeping up his repayments to a debt collection agency, to whom the account had been passed.

What happened

Mr S had an account with Vanquis, but didn't make his monthly repayments between June and August 2022, due to changes in his family income. Vanquis issued a default notice on 12 August 2022, which explained that Mr S had until 12 September 2022 to contact it to clear the arrears, or come to an agreement to prevent a default. As this didn't happen, a default was registered on 12 September 2022, and the account was passed to a collection agency in October 2022.

One of our investigators looked into what had happened, but thought Vanquis had acted reasonably. As Mr S disagreed, his complaint's been passed to me.

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'm not upholding it. I know this will be very disappointing for Mr S, but I'll explain why.

Although there are no hard and fast rules about when an account should be defaulted, the guidance says it would typically be when it's been in arrears for between three and six months. And, this was the case here, as Mr M didn't make a payment between June and September 2022, when Vanquis registered the default.

Further, I can see from Vanquis's records that it contacted Mr M by phone, text and letter a number of times before it defaulted the account, but without success. So, I'm satisfied it was trying to communicate with him.

I know Mr S made payments to the debt collection agency, but this was after the account had reasonably been defaulted.

Finally, I'm aware that the account was later sold to a third party, and Vanquis was entitled to do this, given it had defaulted the account. I can't comment on any concerns that Mr S may have about the third party, as this complaint is about the actions of Vanquis.

My final decision

For the reasons given above, it's my final decision not to uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 10 October 2024.

Elspeth Wood
Ombudsman