

The complaint

Miss H complains that Vanquis Bank Limited reported a default on her credit file.

What happened

Miss H holds a credit card account with Vanquis. In February 2023 she contacted Vanquis and reported a fraudulent transaction of £227 on her account. She told Vanquis that she couldn't afford to pay for the fraudulent transaction and refused to pay the minimum monthly payment.

Vanquis advised Miss H that whilst the disputed payment was being investigated, she still needed to pay the minimum monthly payment on the account.

Miss H missed payments to the account. On 13 June 2023 Vanquis sent a Notice of Default letter requesting payment of £86.41 by 11 July 2023. No payment was received, and the account was defaulted.

Miss H called Vanquis on 27 July 2023. The agent offered her a payment arrangement subject to completion of an income and expenditure form. Vanquis sent the form, but it was never completed and returned.

Miss H complained to Vanquis. She said she never received a Notice of Default and although she had spoken to Vanquis about a payment plan, she wasn't given the chance to return an income and expenditure form. Miss H said she'd informed Vanquis that she'd been signed off work with anxiety and depression.

Vanquis didn't uphold the complaint. It said it had sent the Default Notice and the Income and Expenditure Form and that the default had been applied correctly.

Miss H remained unhappy and brought her complaint to this service.

Our investigator didn't uphold the complaint. They said Vanquis had made Miss H aware of the importance of making her monthly payments and that the monthly statement showed that the payment dispute of £227.87 was not required. The investigator thought that Vanquis had applied the default fairly and had made reasonable attempts to help Miss H.

Miss H didn't agree so I've been asked to review 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.

I can see that when Miss H raised her fraud claim, the disputed amount (£227.87) was frozen. This meant it wasn't included in the calculation of the minimum monthly payment on the account.

The statements sent to Miss H in the following months confirmed that there was an amount

in dispute and requested minimum monthly payments of the balance (excluding the disputed amount).

I can't see that Miss H made any payments towards the balance. This resulted in missed payments and led to the Notice of Default being issued.

I've reviewed the webchat transcripts between Miss H and the Vanquis agent. Miss H stated that she wasn't going to pay anything whilst the fraudulent transaction was on the account. The agent advised Miss H that she was still required to make her minimum monthly payments during the investigation of the transaction.

Having reviewed the webchat, I think the agent could've done more to explain to Miss H that the minimum monthly payments she was required to make were in respect of the balance on her account, and that the balance didn't include the disputed transaction amount. That said, I can see that the monthly statements sent to Miss H made it clear that the disputed sum of £227.87 wasn't required, so I think that Miss H had been provided with sufficient information to understand that the minimum monthly payments she was being asked to make excluded the disputed transaction amount. I also think Miss H was generally aware of the requirement to make her minimum monthly payments, as she had done this previously.

I can see that the Notice of Default was sent to Miss H at her registered address. This clearly set out the sum which Miss H was required to pay in order to avoid the account being defaulted. Based on what I've seen, Miss H didn't make the payment required in the Notice of Default. I'm therefore satisfied that the account was correctly defaulted.

Miss H has said that she didn't receive the Notice of Default. Based on what I've seen, the letter was correctly addressed to Miss H. I can't be certain of why she didn't receive it, but I can't fairly hold Vanquis responsible if this was due to an issue with the postal service.

Miss H has said that she wasn't given the opportunity to complete her income and expenditure form. I can see that this was sent to Miss H but Vanquis never received it back. I don't think it was unfair of Vanquis to require the form to be completed before a payment plan could be put in place, because Vanquis needed to be satisfied that any payment plan was affordable for Miss H.

Miss H has also referred to a delay in sending her a form in relation to the disputed transaction. Vanquis hasn't commented on this, and I can't see that it was included in Miss H's original complaint. However, even if there was a delay in sending Miss H a form, this doesn't change my decision. Miss H had a balance on the account in addition to the disputed transaction and it was her failure to pay this balance that led to the account being defaulted.

Taking everything into account, I'm unable to say that Vanquis has made an error or treated Miss H unfairly. I won't be asking them to do anything further.

My final decision

My final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 19 August 2024.

Emma Davy
Ombudsman