

The complaint

Miss F complains that Vanquis Bank Limited has recorded a default on her credit file and that it gave her incorrect information.

What happened

Miss F contacted Vanquis Bank about her credit card account in August 2023 because she was experiencing financial difficulties and a long term agreement was made. Vanquis Bank issued a notice of default to Miss F in October 2023. She phoned it seven days later and was told that a default hadn't been registered and that she just needed to continue maintaining the payments under the agreement. Miss F phoned it again in November 2023 and was told that she had no arrears but an outstanding balance of £715.30 and "*not to worry*" but it then applied a default to her account.

Miss F complained to Vanquis Bank about the default. It accepted that it got things wrong during the phone calls in October and November 2023 but didn't think that it could have done things differently in respect of reporting a default and missed payments on her credit file. It said that, by way of an apology, it would like to provide Miss F with £75 compensation.

Miss F didn't accept its offer of compensation and complained to this service. Her complaint was looked at by one of this service's investigators who, having considered everything, thought that it should be upheld. He said that Vanquis Bank could have removed the default after learning that it had provided incorrect information to Miss F on two occasions immediately prior to the default being registered. So he recommended that it should compensate Miss F with a payment of £150 and remove the default.

Vanquis Bank says that it agrees with the decision to increase the compensation amount but doesn't believe that the default ought to be removed. It says that it's an accurate representation of the position of the account and can only be removed if an error has been made in reporting it. It also says that Miss F was made aware that a default would be reported if the arrears weren't cleared and she decided to continue with the plan – but the arrears weren't cleared and the default was correctly reported. It says that Miss F's £10 payment hasn't been made since December 2023 so, if the default was to be removed, it would be re-applied a few months later and would then impact Miss F for longer.

Miss F says that she's happy with the compensation and has been paying the agreed £10 each month to a debt collector but thinks that she could now repay up to £30 each month. The investigator said that Miss F may be able to pay the contractual minimum payments and asked for Vanquis Bank's thoughts on a payment arrangement, but it hasn't responded.

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.

Miss F contacted Vanquis Bank about her credit card account in August 2023 because she was experiencing financial difficulties. A long term agreement was made and it was agreed

that Miss F could afford to pay £10 each month, Vanquis Bank would stop interest and charges and Miss F's use of the card would be suspended. Vanquis Bank said: *"If the arrears become significant, we may send you a notice of default and if the arrears quoted in the notice isn't paid then we will register a default status on your credit file"*.

Vanquis Bank says that Miss F's £10 payment hasn't been made since December 2023 but Miss F says that she's paid £10 each month, and that some of the payments have been made to a debt collector. Two months after the long term agreement had been made, Vanquis Bank sent a default notice to Miss F even though she was paying the agreed amount.

Miss F phoned Vanquis Bank seven days later and was told that a default hadn't been registered and that she just needed to continue maintaining the payments under the agreement. Miss F phoned it again in November 2023 and was told that she had no arrears but an outstanding balance of £715.30 and *"not to worry"* but it then applied a default to her account. Vanquis Bank has accepted that it got things wrong during the phone calls in October and November 2023 and it offered to pay Miss F £75 compensation and it has now said that it's happy to pay her £150 compensation.

Vanquis Bank is required to report true and accurate information about Miss F's payment history to the credit reference agencies. It's clear that there were late payments and arrears on Miss F's account but she'd made a long term agreement with Vanquis Bank in August 2023 and she'd made the agreed payments. I'm not persuaded that the arrears had become *"significant"* between August and October 2023 or that it was fair and reasonable for it send her a default notice.

Seven days later, she was incorrectly told by Vanquis Bank that she just needed to continue maintaining the payments under the agreement and wasn't told that she needed to pay the arrears to avoid a default being recorded on her credit file. And in November 2023 she was told by Vanquis Bank that she had no arrears but an outstanding balance of £715.30 and *"not to worry"*. Vanquis Bank applied a default to her account seven days later. I don't consider that it was fair or reasonable in these circumstances for Vanquis Bank to have applied a default to Miss F's account at that time and I don't consider that a default was a true and accurate record of what was happening.

The investigator recommended that the default should be removed but Vanquis Bank says that it would be re-applied a few months later and would then impact Miss F for longer. The investigator has asked Vanquis Bank for copies of Miss F's account statements but it hasn't been able to provide all of them. The investigator says that he understands that the outstanding amount of Miss F's account is between £400 and £600 and that Miss F has made payments of £10 each month to a debt collector – but Vanquis Bank hasn't said anything further on those issues. Nor has it responded to the investigator suggestion that Miss F may now be able to pay the contractual minimum payments.

Miss F says that she feels that having a default is unfair and would be more harmful than having a payment arrangement on her file. I consider that Miss F's complaint should be upheld and that Vanquis Bank should take the actions described below.

Putting things right

I find that it would be fair and reasonable in these circumstances for Vanquis Bank to remove the default from Miss F's credit file. The default and the incorrect information that Miss F was given have caused her distress and inconvenience. Vanquis Bank has now agreed to pay £150 to Miss F to compensate her for that distress and inconvenience and I consider that to be fair and reasonable.

My final decision

My decision is that I uphold Miss F's complaint and I order Vanquis Bank Limited to:

1. Remove the default that it's recorded on Miss F's credit file.
2. Pay £150 to Miss F to compensate her for the distress and inconvenience that she's been caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss F to accept or reject my decision before 4 November 2024.

Jarrold Hastings
Ombudsman