

## **The complaint**

Ms P complains that Vanquis Bank Limited defaulted her account and sold her account to a debt collection company without telling her.

## **What happened**

Ms P held a loan account with Vanquis.

In November 2023 Miss P contacted Vanquis regarding her outstanding payments and asked for a payment arrangement. Vanquis processed a payment of £104.62 and set up a two month payment arrangement on the account. The first payment due under the arrangement was on 31 December 2023. No payment was received, and the arrangement was cancelled.

On 3 January 2023 Vanquis issued a Notice of Default letter to Ms P advising her that she had 28 days to clear the arrears on the account.

Ms P contacted Vanquis on 8 January 2024. Vanquis set up a further payment arrangement with the first payment due on 30 January 2024. However, on 30 January 2024 Ms P informed Vanquis that she wasn't able to make the agreed payment.

Vanquis cancelled the arrangement and set the account to default on 31 January 2024. A new arrangement was set up with the first payment due on 29 February 2024. No payment was received. Vanquis issued a Notice of Termination. A new arrangement was set up with the first payment due on 31 March 2024. No payment was received.

On 15 May 2024 Vanquis transferred the debt to a debt recovery company.

Ms P complained to Vanquis. Vanquis didn't uphold the complaint. In its final response dated 2 August 2024 it said that Ms P's account had defaulted as a result of the arrears. It said it hadn't made an error and it wasn't able to remove the default from Ms P's credit file.

Ms P remained unhappy and brought her complaint to this service.

Our investigator upheld the complaint. She said that Vanquis hadn't clearly communicated information to Ms P after the default was registered which led to Ms P having to chase numerous times. The investigator said Vanquis should pay compensation of £150 to Ms P for the lack of service.

Ms P didn't agree. She said she hadn't received the Notice of Default because her address was incorrectly recorded in Vanquis's systems. Ms P says it was only after she highlighted this issue that she received a reminder Notice of Sums in Arrears letter from Vanquis in May 2024. Ms P said she didn't understand why Vanquis didn't mention the default during any of the phone calls she'd had with them.

Because Ms P didn't agree 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 know it will disappoint Ms P but I agree with the investigators opinion. I'll explain why.

I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point, it's not because I've failed to take it on board and think about it but because I don't think I need to comment on it in order to reach what I think is the right outcome.

I've reviewed the account history. I can see that the account was in arrears and that Ms P got in touch with Vanquis in November 2023 to set up a payment arrangement. A payment arrangement was set up in November, but Ms P failed to make the required payment in December, so the arrangement was cancelled, and a Notice of Default was issued on 3 January 2024 requiring Ms P to pay the arrears of £313.86 by 31 January 2024.

Ms P didn't clear the arrears within the timescale required so Vanquis issued a Notice of Termination.

Based on what I've seen, I haven't seen anything to suggest that Vanquis made an error when it sent the Notice of Default and the Notice of Termination. Ms P's account was in arrears, and she hadn't brought these arrears up to date as requested.

Ms P has said that she didn't receive the Notice of Default because the address held by Vanquis was incorrect. Vanquis hasn't commented on this in its final response so I can't be certain of whether there was an issue with Ms P's address. I can see that Ms P experienced some difficulties when she first raised her complaint because Vanquis responded with a template letter advising her that they couldn't find her account in their database. However, this could have been due to any number of reasons and doesn't mean that Vanquis sent correspondence and regulatory notices to Ms P at an incorrect address.

From what I've seen, Vanquis issued correspondence to Ms P at the address it held for her on its systems. Further, it's clear that Ms P was in regular contact with Vanquis by phone and that she was aware that her account was in arrears. Ms P would also have been aware that she hadn't made the payments under the various payment arrangements she'd agreed with Vanquis.

Ms P has said that Vanquis defaulted her account without discussing the options with her first. I understand that Ms P is unhappy about the default but having reviewed everything, I think Vanquis did enough to try and assist Ms P by agreeing payment plans on several occasions. Ms P failed to keep to the payment plans and it wouldn't be reasonable to expect Vanquis to allow the account to fall further into arrears as this would disadvantage Ms P in the longer term.

For the reasons I've explained above, I won't be asking Vanquis to remove the default.

Where I think Vanquis could've done more is in its communications with Ms P once the account had been defaulted. I can't see that Vanquis sent any correspondence to Ms P to advise her that the default had been registered. Whilst Vanquis isn't obliged to do this, I think it would've been reasonable to do so. The absence of any communications meant that Ms P had to contact Vanquis several times to find out what was happening with her account, which caused her inconvenience. I'm in agreement with the investigator that Vanquis should pay compensation of £150 to Ms P to reflect the inconvenience caused by the poor service.

**My final decision**

My final decision is that I uphold the complaint. Vanquis Bank Limited must pay compensation of £150 to Ms P.

Under the rules of the Financial Ombudsman Service, I'm required to ask X to accept or reject my decision before 12 December 2024.

Emma Davy  
**Ombudsman**