

The complaint

Miss P complains that Vanquis Bank Limited (Vanquis) marked her credit file.

What happened

Miss P took out a loan for £2,500 from Vanquis in October 2017. Payments were £111.06 per month, over 36 months.

In December 2019, she entered a debt management plan (DMP) when the balance of the loan was £1,210. The agreed payments under the DMP were £21.02. These were made from February 2020, and Miss P later increased them. In May 2023, the loan was paid off.

Vanquis defaulted the loan in April 2020 and marked Miss P's credit file since then as 'delinquent'.

Miss P complained. She accepted that the default marker was justified but disagreed that the loan was marked as delinquent – as she had made the agreed payments.

Our investigator didn't uphold Miss P's complaint. She said that as the contractual payments of £111.02 hadn't been made, the loan built up arrears. Vanquis were obliged to report accurate information to the credit reference agencies (CRAs). This meant the recording of the 'delinquent' balance was a fair way to report Miss P's loan.

Miss P didn't agree and asked that an ombudsman look at her complaint, and so it has come to me.

She further said:

- Vanquis was the only lender that recorded the loan as in default as a delinquent balance. The other lenders just registered a default and no more.
 - And as soon as she paid off the other lenders, they deleted the default from her credit file.
 - As she settled the loan from Vanquis in May 2023, the default should be removed.
- (continued)**

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.

All lenders have a duty to report accurate information to the CRAs. So, my decision is based on whether Vanquis did that.

The guidance for dealing with defaults is laid down by the Information Commissioner's Office (ICO). This says 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. It is the business' responsibility to put an entry on the credit file. This cannot be taken off unless it is an error.

In Miss P's case, she wasn't making the contractual payments of £111.06, but reduced payments of £21.02. So, for that reason, Vanquis defaulted the loan – this is standard industry practice for most firms when a DMP is put in place – because the contractual payments aren't being made.

Vanquis then marked the loan as 'delinquent' – which I consider is a reasonable description of what was actually happening on Miss P's loan. So I can't say Vanquis were wrong in doing that. I can see that Vanquis marked the loan as 'satisfied' in April 2020 – which is an accurate record of what happened, as that was when Miss P paid the loan off.

Miss P has gone on to say that other firms have removed their default markers from her credit file – but I can't comment on those firms. But – all records/markers at the CRAs must remain in place for six years, and therefore Vanquis' default marker (and other information recorded by Vanquis) must remain on Miss P's credit file until April 2026.

Miss P can write to the CRAs and lodge a 'notice of correction' to explain that she has repaid the loan and her comments will be recorded on her credit file for prospective lenders to see. I can't say how those lenders will interpret that, as each one will form their own view.

So, as far as Miss P's complaint is concerned, I am satisfied that Vanquis recorded accurate information at the CRAs – which is what they are required to do.

I appreciate that Miss P will be disappointed by my decision, but for the reasons I've explained, I am not upholding Miss P's complaint here.(continued)

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss P to accept or reject my decision before 6 January 2025.

Martin Lord
Ombudsman