

## **The complaint**

Mrs J complains that Vanquis Bank Limited refused to freeze interest or put her on a payment plan when she was experiencing financial difficulties. She's also unhappy that a default has been registered on her credit file.

## **What happened**

Mrs J holds a credit card account with Vanquis. In January 2024 she contacted Vanquis to advise that she was experiencing financial difficulties. She asked to set up a payment plan.

Vanquis said it wasn't able to put Mrs J on a payment plan because she didn't have any income. It referred Mrs J to an approved third party for debt advice, but Mrs J didn't want to do this and asked for a payment holiday. Vanquis said it wasn't able to do this.

Mrs J didn't make any payments to the account. On 5 April 2024 Vanquis sent a Notice of Default requesting that Mrs J either pay the outstanding balance in full or set up a payment plan by 3 May 2024. Mrs J didn't respond, and the account was defaulted.

Mrs J has told this service that she received multiple calls from Vanquis asking for payment, which she found distressing as her husband was in hospital at the time.

Vanquis wasn't able to complete its investigation within the relevant timescale so referral rights to this service were provided to Mrs J on 4 April 2024. Mrs J brought her complaint to this service in May 2024.

Whilst the complaint has been with this service, Mrs J has advised that the account has been passed to a debt recovery company and she's entered a repayment plan with them at £50 per month, but she believed that the total sum she's been asked to repay is more than she owed Vanquis originally.

Our investigator upheld the complaint. She said that although she couldn't ask Vanquis to remove the default, she thought that Vanquis could've responded with forbearance and sympathy when Mrs J made them aware of her circumstances by freezing interest and charges on the account. The investigator said the Vanquis should reimburse any interest or charges applied to the account after the date when Mrs J first advised them of her financial difficulties and pay compensation of £200.

Mrs J didn't agree. She said she wanted more compensation for the distress and inconvenience caused. She said she believed that she should've been treated as a vulnerable customer. She said she'd been promised an income and expenditure form to complete but this had never arrived.

Because Mrs J 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 that it will disappoint Mrs J, 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 the points which are most relevant to my decision. If I don't comment on a particular 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.

At the time the investigator issued her view, Vanquis hadn't provided a final response to Mrs J, although it had given her referral rights to this service.

Vanquis subsequently issued a final response and provided its case file to this service.

I've had regard to all the information provided by Vanquis and all of the points made by Mrs J.

I'm sorry to hear that Mrs J has had a difficult time. I won't go into the specific details in this decision, but its clear that as well as experiencing financial difficulties of her own, Mrs J was also having to act as the primary carer for her husband who was very unwell. Mrs J made Vanquis aware of her circumstances when she first called them in January 2024.

I've thought about whether Vanquis made an error when it registered a default on Mrs J's credit file. I've reviewed the account and I can see that Mrs J hadn't made any payments since January 2024. The relevant guidelines say that a lender can default an account once there are three months' worth of arrears. In this case, Vanquis issued a Notice of Default in April 2024 and registered the default in May 2024.

All lenders – including Vanquis – are under an obligation to report accurate information to the credit refence agencies. Vanquis was under an obligation to report the default. I'm unable to say that it made an error. Even if Mrs J had agreed a payment plan or payment holiday with Vanquis, there would have been an obligation on Vanquis to report this to the credit reference agencies. So, there would have been adverse information reported on Mrs J's credit file in any event.

I've thought about whether Vanquis acted fairly and reasonably when it declined to set up a payment plan for Mrs J. Based on what I've seen, Mrs J didn't have any income at all at the time she contacted Vanquis, and therefore wasn't in a position to make even a token payment. A payment plan can only be set up if the consumer is able to make affordable payments. So in this case, I don't think it was unreasonable for Vanquis to decline to set up a payment plan.

I can see that Vanquis referred Mrs J to a third party for debt advice. I can't see that Mrs J took this up. That said, I don't think it was wrong for Vanquis to suggest this as a way forward. These types of companies can assist by offering solutions such as debt management plans. But its important to bear in mind that a debt management plan would've had a negative impact on Mrs J's credit file as well. So she wouldn't have been able to avoid this.

Mrs J has said that she spoke to one of the third party companies who were suggested by Vanquis and was promised an income and expenditure form, which never arrived. I haven't seen any information to support this. But even if I accept what Mrs J says about this, it isn't something I can hold Vanquis responsible for, as the third company are a separate entity from Vanquis.

Taking everything into account, I'm unable to say that Vanquis made an error or treated Mrs J unfairly when it defaulted the account.

I've gone on to consider whether Vanquis could've done anything more to assist Mrs J.

When a consumer is experiencing financial difficulties, this service expects lenders to respond positively and sympathetically. In this case, whilst Vanquis did take some steps to try and assist Mrs J by referring her to third parties who might be able to help, I think Vanquis could've done more by (for instance) freezing interest and charges on the account. I also think they could've placed the account on hold so that Mrs J didn't receive calls asking her for payment.

For these reasons I agree with the investigator that Vanquis should refund interest and charges applied to the account from the time when Mrs J first contacted them to advise of her circumstances in January 2024. I also think Vanquis should pay compensation to Mrs J for the distress and inconvenience caused by the calls asking her for payment, because these could've been avoided if the account had been put on hold.

### **Putting things right**

To put things right, Vanquis should:

Reimburse Mrs J directly for any interest and charges applied to the account since January 2024.

Pay compensation of £200

### **My final decision**

My final decision is that I uphold the complaint. Vanquis Bank Limited must take the steps I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs J to accept or reject my decision before 11 February 2025.

Emma Davy  
**Ombudsman**