

The complaint

Miss S complains about Vanquis Bank Limited unfairly defaulting her credit card account.

What happened

At the beginning of 2024, Miss S unfortunately lost her job and came into financial difficulties. This meant she was unable to make the minimum payment on her Vanquis credit card.

After sending her arrears letters in February and March 2024, Vanquis sent her a '*Pending Notice of Default*' on 8 May 2024. They said they hadn't received payment and asked Miss S to contact them to make an affordable arrangement to remedy the situation.

The Vanquis letter dated 8 May 2024 also advised Miss S that she would be issued with a '*Notice of Default*' within '*14 days*' if she didn't make a sufficient payment or agree a suitable payment arrangement.

As Vanquis didn't hear from Miss S, they issued her with this '*Notice of Default*' letter on 3 June 2024. This letter informed Miss S that she would need to settle the full arrears of £594.68 or put a payment arrangement in place within 28 days. The letter clarified that 28 days was 1 July 2024. It told her that if her arrears weren't cleared in full or a payment arrangement put in place a default may be registered and her debt may be sold.

Miss S called Vanquis on the deadline day (1 July 2024). Miss S says she wasn't able to call any earlier due to her phone having been cut off. There isn't a recording of the 1 July 2024 call available.

Miss S paid Vanquis £15 and says:

- '*We set up a payment plan and the person said I should call back the next day to confirm*'
- She agreed to pay £80 towards the plan
- She thought she had avoided the default

Vanquis say:

- Miss S mentioned that she was in financial difficulty and asked to be setup on a payment arrangement for 3 months
- Their agent set her up with a Fixed Payment Arrangement of 3 months for £80
- Upon reviewing Miss S's account, their agent saw that a notice of default had been sent to Miss S and that they were speaking to her on the deadline day
- The agent advised Miss S that she would have to make a payment on the day, or the account would default
- The agent advised that the department to seek advice regarding this had already closed and asked her to contact them the following day. Also, they could not guarantee that this will prevent the default from being registered on her credit file.

On 2 July 2024, as only £15 had been paid and the arrangement amount was £80, Vanquis explained that it was necessary to issue a default on Miss S's credit card account.

Miss S complained that she hadn't been treated fairly as she had set up a plan. In Vanquis's complaint response letter, they said:

- They *'acknowledge the £15 payment made on the 1st July 2024, however this was not enough to clear your arrears. The arrears weren't paid in full and no payment arrangement was setup within 28 days therefore a default was registered correctly on your account on the 02 July 2024 and would remain on your credit file for 6 years.'*

Miss S brought her complaint to our service; however, our investigator didn't uphold her complaint.

As Miss S remains dissatisfied, her complaint has been referred to me to look at.

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'm very sorry to hear about Miss S's financial difficulties and I don't underestimate the impact this has had on her. However, I'm not upholding this complaint and I'll explain why.

I should first say:

- Miss S's financial difficulties put her in a vulnerable position, and I'm satisfied the Financial Conduct Authority's (FCA's) guidance applies here.
- Whilst I'm very sorry to hear about Miss S's financial difficulties, I must approach this matter objectively.
- I've focused on what I think are the important points to reach a final decision.
- I've carefully considered all the points Miss S and Vanquis have made, even if I don't specifically address them all.
- In cases like this, where there isn't a call recording and information is incomplete, I must reach my decision on the balance of probabilities – in other words, what I consider most likely to have happened in light of the available information.

From reading Miss S's correspondence and listening to her call with a Vanquis agent on 2 July 2024, I'm persuaded that Miss S thought her call on 1 July 2024 might've averted a default on her account.

Although there isn't a recording of her call of the 1 July 2024, I was able to review Vanquis's call log. From reviewing this I could see:

- Miss S informed the agent she had started a new job
- Miss S's disposable income was determined to be £151
- Miss S requested a payment plan
- Based on her disposable income Vanquis set up a three-month £80 payment plan
- Towards the end of the call the Vanquis agent realised it was day 28 and asked for an immediate payment
- Miss S didn't have the £80 payment the plan required until later in the month and could only afford to pay £15

- The agent took the £15 payment but said she couldn't promise anything and advised Miss S to call back the next day

When considering this call log note, together with all the other available information, I think it more likely than not that, the start of the call focussed on agreeing a payment plan amount. Then, later in the call, after a plan amount was agreed, the agent realised Miss S was calling on the last possible day to set up a payment plan. So, a payment was necessary then and there, in cleared funds, to avoid a default. A conversation subsequently took place about whether £15 would suffice. Although the agent was persuaded to take this lower £15 payment, their note says they couldn't promise anything, and they advised Miss S to call the next day. So, I'm not persuaded that they indicated the plan could start later and / or a much lower amount would be sufficient to avoid a default.

Although Miss S had agreed a plan and made a payment, she hadn't on the deadline day paid the amount the plan required. Importantly the payment plan needed to have been fully in effect before the deadline. This is because Miss S was in breach of the credit agreement she had signed up to and Vanquis had sent her a 'Notice of Default' with a payment deadline.

So, by leaving it to the very last day, Miss S needed to do more than agree a payment plan. She needed to agree then immediately pay the first amount of the plan. Unfortunately, she just didn't have enough funds to do this as her salary payment wasn't until later in the month.

I empathise with Miss S, as she would've very soon had the funds to pay it. However, having considered the above and all the information on file, I can't say that Vanquis made an error here in defaulting her account and then passing on her debt (as they mentioned this in their 'Notice of Default' following the credit agreement breach).

I'm sorry to disappoint Miss S but, for the above reasons, I'm not upholding this complaint against Vanquis Bank Limited.

My final decision

My final decision is that I'm not upholding this complaint against Vanquis Bank Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 12 May 2025.

Paul Douglas
Ombudsman