

## **The complaint**

Miss B complains that Vanquis Bank Limited unfairly reported a default against her, following a period of non-payment towards her credit card.

## **What happened**

Miss B holds a credit card account with Vanquis. The account was opened in 2023, and it required Miss B to make regular monthly payments towards her outstanding balance. Miss B made regular payments towards her account, but in May 2024, due to a period of financial difficulty, these stopped.

In September 2024, Miss B reached out to Vanquis to explain she'd had a change in her personal circumstances. She told Vanquis that she was unemployed and was applying for universal credit.

Vanquis carried out an assessment of Miss B's income and expenditure, and it was deemed that Miss B had no disposable income to be able to maintain even a nominal payment towards the account. But Miss B wanted to pay something, so it was agreed that she make a monthly contribution of £20 for three months.

Vanquis scheduled a one-time payment for September and set up a Continuous Payment Authority (CPA) to collect the remaining payments under a repayment plan starting from October. However, the September payment wasn't made, so on 7 October a default notice was issued requiring Miss B to pay the full arrears, or the account balance by 4 November.

Miss B didn't pay the full arrears or account balance by the due date. And the next payment due to be claimed by the CPA on 30 October also failed; as did Vanquis' second attempt to claim this payment on 31 October. So, on 5 November, Vanquis reported a default to the CRAs; and Miss B's account was subsequently passed on to a third party.

Miss B complained. She said Vanquis had treated her unfairly. She said that she'd experienced a period of homelessness, and was struggling to make ends meet and was left with no living accommodation. She also said she had emailed Vanquis at the end of September to agree a new payment plan but had received no reply.

Vanquis responded. They said they didn't have a record of Miss B emailing them, but they said that if she could provide further detail around the email, they would happily reinvestigate to ensure their outcome remained fair. But, while they sympathised with the circumstances Miss B had found herself in, ultimately, based on the arrears on her account, and her personal circumstances, they were satisfied that they were right to default her account.

Unhappy with Vanquis's response, Miss B referred her complaint to our service.

An investigator considered Miss B's complaint, but didn't recommend it be upheld. He said that while he appreciated Miss B would be unhappy with his findings, ultimately, he didn't think Vanquis were wrong to default Miss B's account in the circumstances. But Miss B remained unhappy, so the case has now been passed to me, an Ombudsman, to decide.

### **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'd like to say firstly that I understand this seems to have been a distressing time for Miss B, and I'm sorry hear of the circumstances she's experienced of late. Looking at the concerns Miss B has raised, the crux of the matter is that Miss B is unhappy that a default is being reported on her credit file.

When Miss B raised her complaint, she explained that she had been in touch with Vanquis in early September 2024 and had informed them that she had; lost her job, been made homeless, and was on universal credit with no funds available.

I've listened to the September call, and Miss B, as she said, explained the circumstances she's set out above. Vanquis told Miss B that her account was in arrears and that a payment was still due that month. But Miss B said there was no way she could make the full current repayment. She mentioned that she had arrears on other accounts, including her rent and council tax, as well as money owing for student accommodation. She said she was currently unemployed and was due to start receiving universal credit at the end of the month.

Vanquis went through an income and expenditure assessment (I&E) with Miss B, and based on the information she provided, it calculated her total monthly income as £340, and her monthly expenditure to be £1,360. This meant she already had a negative disposable income of around £1,020.

Vanquis explained that when this is the case, they would normally refer customers to a debt management company (DMA). But Miss B said she was previously with StepChange and couldn't have another plan within a 12-month period as she had already been subject to a debt relief order (DRO). Miss B asked if she could pay a minimum payment each month and said that she'd rather do that than go via a DMA.

Vanquis explained that they wouldn't normally enter into a monthly arrangement plan when it was clear that a customer had no ability to pay. But Miss B enquired into what the minimum monthly payment she would need to pay was, and Vanquis confirmed this to be £10.15 a month.

Miss B offered to pay £20 a month, and Vanquis asked how she would be making this payment, given her disposable income was already in deficit. But Miss B said that her rent could wait. On this basis, Vanquis agreed to accept a short-term arrangement for £20 a month for three months. They explained that with the arrangement, all interest and charges would be frozen, and she would lose the use of her card at this time.

Miss B agreed to make her first payment on 30 September, and Vanquis agreed to change her contractual due date to coincide with the payments agreed. They explained that Miss B would need to make the first payment at the end of September, and that they would set up a Continuous Payment Authority (CPA) for the remaining payments - with the first payment under the CPA being collected on 30 October.

Vanquis said that if they failed to receive payments via the CPA, that they would try again the following day, but that if a payment was still declined, they would cancel the payment instruction, and the arrangement, and the account would revert back to its original terms. They took Miss B's card details for the future CPA payments.

While Vanquis could have potentially done more to explain how Miss B should make her first payment, I don't think they were unreasonable in registering the default. Miss B had already missed payments for June, July, August and September of that year at the time the plan was put in place. So, when the plan was agreed with an initial payment at the end of September, and this was again not paid, I think it was reasonable, given the arrears that had accrued, and the failed arrangement, for a default notice to be issued.

But even if I was to accept that there had potentially been some confusion over how the first payment was to be made, the next payment due at the end of October - when claimed for under the CPA - also failed. It was called for again the following day, and again - this failed. So, the payments needed under the temporary arrangement weren't paid. Nor were the amounts due under the default notice.

The Information Commissioner's Office (ICO) sets out the principles for the reporting of arrears, arrangements and Defaults at CRAs. And they explain that a default normally occurs when you have not met the terms of a credit agreement, and your account is three to six months in arrears.

So while I appreciate Miss B's best intentions, given the arrears that had built up, the first two payments under the arrangement being missed, and the fact that she had no disposable income available to make payment, and; was without work, and had a disposable income of more than 'negative £1,000', I think that defaulting her account at this point was absolutely the right thing to do.

Miss B explained that she sent an email on 27 September stating that she would need to make a new payment plan of £20 a month. And she said this email was sent to [Customer.relations@vanquisbank.co.uk](mailto:Customer.relations@vanquisbank.co.uk). She said that Vanquis had an obligation to respond to her email, and thinks that given that they didn't, it's unfair for them to issue the default.

Vanquis explained that the address she'd sent the email to wasn't, wasn't one that could accept incoming emails. They also said there were other ways Miss B could have reached out to make payment.

I appreciate Miss B is frustrated about Vanquis's lack of response. But just because she received an email from a particular email address, I don't think it should be automatically presumed that the same email could be used to contact the business and set up further payment arrangements. Furthermore, Miss B already had a plan in place that was agreed earlier that month.

So, even if I were to consider Vanquis's lack of response to Miss B's email an administration error on their part (which I don't), it still remained Miss B's responsibility to ensure that all payments were made in accordance with her plan. And the fact she sent an email which wasn't replied to, doesn't invalidate Vanquis's decision to report a default on her account when the account hadn't been paid.

I admire Miss B's intentions, and I truly believe she was doing everything she could to try and maintain payments during a particularly difficult time. But ultimately, her arrears were at a level where I would expect a default to have been issued. And, given her circumstances – those being that she had been made homeless, was not working, and her outgoings were around three times her income; along with the failed arrangement, I'm satisfied that despite

those intentions, Miss B did not have the ability to pay, and therefore, a default was the right course of action for Vanquis to take in the circumstances. So, for these reasons, I won't be asking Vanquis to do anything further.

### **My final decision**

My final decision is that I do not uphold Miss B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 25 July 2025.

Brad McIlquham  
**Ombudsman**