

## **The complaint**

Miss C complains that Vanquis Bank Limited made errors that prevented her from making payments towards her personal loan, and that it registered a default on her credit file.

## **What happened**

In March 2023, Miss C successfully applied for a personal loan with Vanquis. The loan was for £7,000 to be repaid over 48 months, with monthly payments of £208.04. The monthly payments were set to be taken through a continuous payment authority (CPA), but the process of setting this up was delayed. Soon after the CPA was set up, the payments started to fail. It was established that this was because her debit card had a fraud block, and was in the process of being replaced. Miss C made a complaint. She was frustrated that she had to make payments manually each month and that some payments had been missed through no fault of her own. Vanquis responded in October 2023 and said it hadn't made an error – but agreed to set up a new CPA for her new debit card.

Unfortunately, some payments failed under the new CPA, so Miss C continued to make manual payments. In March 2024, Vanquis sent Miss C a message saying the payment due the previous month had been missed as the CPA had failed. The payment was attempted a second time without success – and the CPA was cancelled.

Miss C made a further complaint. She was unhappy that Vanquis had continually failed to take the required payments despite having sufficient funds in her account. She said she couldn't continue to make payments manually as doing so was very time consuming and disruptive for her. Miss C stopped making payments while Vanquis looked into things for her. By July 2024, arrears of £623.24 had accrued. Vanquis sent a default notice to Miss C asking her to repay the outstanding balance by 29 June 2024. As the payment wasn't made a default was registered, and the loan was terminated. The account was later sold to a third party.

Vanquis didn't agree it had made an error. It said Miss C would need to contact her bank directly to find out why her CPA had failed, as this was outside Vanquis' control. It said it gave Miss C the option of paying manually or through a standing order – but she hadn't done so. The complaint was referred to this service. One of our Investigators considered the complaint and didn't uphold it. They didn't think there was evidence to suggest the payments had failed due to Vanquis' error and was satisfied it had given Miss C alternative ways to pay.

Miss C disagreed. She said she didn't have any problems making payments elsewhere, so believed the issue was with Vanquis and didn't think she should be responsible for resolving it. She said that because of her work and family commitments her time to deal with the loan was extremely limited, and Vanquis didn't do enough to support her with this. She said she was never given any payment details so couldn't have set up a standing order. She said a default on her credit file would significantly impact her business, which would affect her employees as well as her. Overall, she felt the level of service she received from Vanquis was poor, and that her account wouldn't have fallen into arrears had it communicated more effectively with her. She asked that the complaint be referred to an Ombudsman for a final

decision. So, it's been passed to me to decide.

Our Investigator wrote to Miss C to clarify that in my decision I could only comment on the complaint Vanquis answered in August 2024. This is because the previous complaint – answered in October 2023 – wasn't referred to us in line with the relevant time limits, so wasn't one this service has the power to consider. Miss C accepted this. So, in my decision I won't be commenting on Miss C's concerns about her difficulty setting up a CPA after the loan was taken out or the payments that were missed up until October 2023. But I have considered her concerns about the missed payments after October 2023, the default and the way other payment methods were explained – as well as any points ancillary to those issues.

### **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 assure both parties that I've read and considered all of the evidence and points they've submitted. In my decision, I've focussed on what I consider to be the key points of the complaint. If I haven't specifically commented on something, it's because I didn't find it necessary to do so in order to reach a fair outcome - and it doesn't mean I didn't see it or that I haven't considered it. I'm also aware I've summarised Miss C's complaint in significantly less detail than she has. This isn't intended as a discourtesy, but simply reflects my informal role in deciding a fair outcome.

I can appreciate why Miss C feels let down by Vanquis here. From her perspective, she feels she made reasonable attempts to make payments under her loan and was prevented from doing so through no fault of her own. So, I can understand why she's unhappy that a default was registered. Vanquis – like all lenders – is required to report true and accurate information to credit reference agencies. Lenders should typically report an account as defaulted when it's between three and six months in arrears. In this case, the account was more than three months in arrears when the default was reported. So, I've considered whether the arrears accrued as a result of an error made by Vanquis – or whether it otherwise treated Miss C unfairly.

I've first considered why Miss C's CPA failed. Our Investigator asked Miss C's bank for information. From this, I can see the payments attempted in November and December 2023 and February 2024 failed because they weren't authorised. The information available is limited, and I can't say for certain what problem caused the payments not to be authorised. It's possible the payments required additional authorisation from Miss C as part of her bank's security process. In any case, I haven't seen anything to persuade me that this was caused by an error on Vanquis' part or that it could have prevented the payments from failing.

Because the payment was attempted and failed twice in February 2024, Vanquis cancelled the CPA. I don't find this unreasonable in the circumstances, as payments had continually failed to be processed through the CPA – causing stress for Miss C and risking a late payment on each occasion.

Miss C says she was never given any alternative payment methods – so had no choice but to pay manually over the phone which wasn't practical for her. She told Vanquis in May 2024 that she wouldn't continue to do this – so arrears started to accrue, and the account eventually defaulted. Miss C said she asked Vanquis to send its bank details to her in writing so she could set up a standing order, but it refused. I've listened to some of the calls that took place between Miss C and Vanquis.

In September 2023, Miss C called following the failure of her original CPA. During this call, the agent offered to provide Miss C with its bank details so she could set up a standing order. Miss C didn't have a pen to hand and asked the agent to email her the details. This wasn't possible, so Miss C agreed to call back later.

In November 2023, Miss C called again as the new CPA had failed. She attempted to make a manual payment using her debit card, which failed to go through. The agent explained that Miss C could pay via bank transfer and could set up a standing order. They read out the account details for payments to be made to as well as a payment reference, and Miss C read them back to confirm they were correct. I can see Miss C made a payment by bank transfer the next day – and appears to have done so again in December 2023. In March 2024 an agent offered to provide Vanquis' account details a third time, but the call dropped before this could happen.

I appreciate Miss C would have preferred to receive the details in writing, but I'm satisfied she received the details she needed to pay by bank transfer or standing order. And it seems she had access to these details as she used them to make at least one payment. So, even after her CPA was cancelled, I think Miss C had the option to make payments by bank transfer or standing order – without the need to call. While I appreciate making manual payments over the phone wasn't convenient for Miss C, I'm satisfied she had other options.

Miss C says most of the arrears accrued while she was waiting for an answer to her complaint, and that Vanquis should have concluded its investigation before applying a default. But I can see Vanquis sent an arrears notice in June 2024 and a default notice in July 2024, as well as regular text messages about her missed payments. Miss C says she doesn't recall receiving any correspondence – but I can see the letters were correctly addressed to her. I therefore think she was reasonably aware that arrears were accruing and the likely consequences of her not making payments. I can't fairly agree that Miss C wasn't able to make payments towards her loan – or that arrears accrued because of any error or poor service on Vanquis' part. For the same reasons, I don't think Vanquis made an error or treated Miss C unfairly when it decided to register a default and terminate the agreement.

Miss C raised some other concerns about the way Vanquis communicated with her. Specifically, that it didn't give her the option to speak to a manager when she asked to and that it didn't respond when she requested a copy of her loan agreement. These issues weren't part of her complaint to Vanquis so I won't comment on them in detail here – but I understand the wider point she's making about the level of communication and service she received. But in any case, the issues she's raised don't affect what I think about her ability to make payments or the default.

I sympathise with Miss C, as it's clear she faced challenges making payments. I can also appreciate that due to her personal circumstances and work commitments she had limited opportunities to speak to Vanquis or manage her loan. I'm sorry to hear about the likely impact a default will have on her and her business.

But as I've outlined, what I need to decide here is whether Vanquis made an error or otherwise treated her unfairly when it registered the default, and I don't think it did. Ultimately, Miss C chose to stop making payments through the methods available to her – and Vanquis was required to reflect that information when it reported the account to credit reference agencies. After the account defaulted, it was entitled to terminate the agreement and sell the account – and I can't see that it made an error when doing so. I appreciate this will come as a significant disappointment to Miss C, but I don't require Vanquis to remove the default or take any further action.

## **My final decision**

For the reasons I've explained, my final decision is that I don't uphold Miss C's complaint about Vanquis Bank Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 19 November 2025.

Stephen Billings  
**Ombudsman**