

The complaint

Ms J complains Vanquis Bank Limited (“Vanquis”) applied a default to her record despite her being in a payment arrangement.

What happened

Ms J set up a repayment plan with Vanquis that was due to last for three months at £70 per month. She was unable to stick to this repayment plan, and lowered the monthly amount to £50 per month.

In September 2024, Ms J received a Notice of Default. Ms J says she spoke to Vanquis, and they told her to ignore it. But Vanquis have no record of the call.

In October 2024, the credit card was defaulted and sold to a third-party debt purchaser. Ms J complained to Vanquis as she feels the default is unfair. She said it’s been applied incorrectly as she was maintaining her financial commitments and it’s causing her emotional distress.

Vanquis responded to the complaint. They didn’t uphold it. They said the default was applied correctly, and in accordance with their terms and conditions. Ms J was unhappy with the response, so she referred her complaint to our Service.

An Investigator here looked into things, and they agreed that Vanquis hadn’t treated her unfairly. They explained that the repayment plan Ms J had agreed upon with Vanquis wouldn’t have repaid the debt in a reasonable period of time, and therefore a default would more than likely have always have happened.

Ms J didn’t agree – she said she’s in repayment arrangements with other lenders who haven’t defaulted her. She said it’s possible to avoid defaults as long as customer is actively engaging and fulfilling their agreed obligations to the debt. She also makes reference to the Consumer Credit Sourcebook (CONC) regarding forbearance.

Because an agreement couldn’t be reached, the complaint has been passed to me 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.

Having done so, I won’t be asking Vanquis to remove the default. I know this is likely to disappoint Ms J, so I’ll explain my reasoning below. I’m sorry that Ms J is facing financial difficulties currently – she’s mentioned the cost of living and I know it’s a really difficult time. I appreciate her being open with our Service about her circumstances.

I'd like to start by highlighting that informal repayment plans aren't intended to be long term solutions. There are long-term implications of prolonged repayment plans, even if both parties are happy with such arrangements.

Also, Vanquis met their obligations under CONC by agreeing to repayment arrangements with Ms J in the first place. Not defaulting a consumer isn't always what's best for the consumer despite what they may want to happen.

Ms J completed multiple income and expenditure assessments where she demonstrated she had a monthly deficit, she was unable to afford £70 per month for three months, she had multiple instances of missed or late payments and she's been open with our Service and Vanquis about needing to borrow money from her mother to repay the debt. This shows me that the lending wasn't sustainable or affordable for her.

What this means is, by continuing to lend to her, Vanquis wouldn't be meeting their obligations under CONC. Sustainable repayment is key – and it's important to note that a reasonable period of time isn't defined in the rules. Although, the guidance indicates that the typical term associated with repaying a fixed-sum loan of this much provides a useful benchmark.

At the time of default, Ms J owed around £2,600 to Vanquis. Paying this at £50 per month would take her around four and a half years. Generally, we'd expect fixed term loans of this amount to span around two years. So I don't think Vanquis were wrong to default the account.

I note what Ms J has said about meeting her obligations, but she wasn't meeting them. Yes, she'd made a payment arrangement with Vanquis, which she was meeting. But her obligations were to pay at least the minimum repayment owed – which unfortunately due to her circumstances, she's currently unable to afford. I appreciate Ms J says things are going to get better for her, but she's also in payment arrangements elsewhere and this dip in income has been ongoing since 2023 based on the account notes available. And so, she had been managing the account outside the terms and conditions that were agreed. By defaulting the account, the debt is crystallised, and Ms J would no longer incur the interest, fees and charges she would've been accumulating previously.

I understand Ms J said she was given incorrect advice over the phone. There's no evidence of this phone call, but even if there had been evidence, it wouldn't change my opinion regarding the default. I'd comment that the service was poor, but Vanquis' decision to default the account is still fair for all the reasons I've set out above.

I appreciate this will come as a disappointment to Ms J, but I won't be upholding her complaint and asking Vanquis to remove the default.

My final decision

It's my final decision that Vanquis Bank Limited didn't treat Ms J unfairly when defaulting her account.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms J to accept or reject my decision before 17 October 2025.

Meg Raymond
Ombudsman