

## The complaint

Mr K complains that Vanquis Bank Limited unfairly defaulted his credit card and recorded this on his credit file.

## What happened

The parties are familiar with the background of this complaint so I will summarise it here which reflects my informal remit.

Mr K held a credit card with Vanquis. When Vanquis stopped receiving payments it sent several letters to the address it had on file for Mr K asking him to contact it. When no response was received Vanquis issued a notice of default letter, on 10 November 2023, warning that a default would be registered unless the arrears were cleared within 28 days. As no response or payment was received, Vanquis applied a default on the account on 11 December 2023 and later sold the debt in January 2024.

Mr K said Vanquis failed to update his address when he requested the change through the mobile app. He said he didn't receive any correspondence as they were sent to his previous address, and when he became aware of the issue, he settled the outstanding balance immediately. He contacted Vanquis to request the removal of the default. He said he'd been treated unfairly because despite providing his new address, Vanquis didn't update its records and continued to send correspondence to the wrong address, preventing him from resolving the arrears in a timely manner.

In its final response, Vanquis said it had sent several letters about his account to the address it had on file, and as it had not made any errors, it was unable to remove the default from Mr K's credit file.

Unhappy with this response, Mr K brought his complaint to our service. Our investigator didn't think Vanquis had done anything wrong and didn't uphold the complaint.

Mr K disagreed with the investigator's view and said that the default was unfairly recorded. He said despite notifying Vanquis of his change of address, it continued to send important notices to his old address, meaning he never received the default notice or any warning about the arrears. He argued that this made the default invalid under the Consumer Credit Act 1974.

Mr K also said Vanquis had relied on internal records to show letters were generated but nothing to show they were actually sent or received. He considered Vanquis, as a responsible lender, should've noticed that its correspondence was going unanswered and should've taken steps to check or verify his contact details, instead of continuing to use an outdated address.

Finally, he said the arrears amount was small and was paid as soon as he became aware, and that his wider credit history was otherwise good. In his view, recording a default in these circumstances was unfair and disproportionate, and he referred to other ombudsman decisions to support his position.

As Mr K remained unhappy the case has been referred to me for a final decision.

### **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.

Whilst I've read and considered everything, if I don't mention any specific point, it's not because I failed to take it on board and think about it, but because I don't think I need to comment on it to reach what I think is a fair and reasonable outcome. This is not meant as a discourtesy but rather reflects my role of resolving disputes with minimum formality.

In considering what is fair and reasonable, I need to have regard to the relevant law and regulations, regulator's rules, guidance and standards, codes of practice and (where appropriate) what I consider to have been good industry practice at the relevant time.

It is not in dispute that Mr K's account fell into arrears and that no payments were made for several months. I have therefore considered whether Vanquis acted fairly and reasonably in how it managed the arrears and applied the default.

Before registering a default, a lender is expected to write to the customer to explain the arrears, what needs to be paid, and what will happen if payment is not made. Vanquis has provided system records showing that it issued a series of letters to Mr K, including payment reminders and, on 10 November 2023, a formal default notice advising that a default would be registered if the arrears were not cleared within 28 days. These letters were sent to the address Vanquis held for Mr K at the time. In the absence of clear evidence to the contrary, I am satisfied that Vanquis met its obligations by sending the required notices to the address it had on file.

As Mr K didn't respond to the default notice or bring the account up to date within the requested time, Vanquis then went on to register the default. In the circumstances I consider this was a fair and reasonable step for Vanquis to take.

Mr K says that he updated his address through the mobile app and that, because Vanquis failed to update its records, he did not receive any of the letters. Vanquis has confirmed that it has no record of receiving or processing a change of address request. While I do not doubt Mr K's recollection, I have not seen any independent evidence, such as screenshots, confirmations, or account notes showing that a change of address was successfully submitted or received. In these circumstances, I cannot reasonably conclude that Vanquis acted incorrectly in continuing to use the address it had on file.

Under the Consumer Credit Act 1974, default notices are formal regulatory letters that must be sent in writing to a customer's registered address. I note Mr K's concern that Vanquis didn't provide proof of postage or delivery. However, the law does not require a lender to prove that a notice was actually received, only that it was properly sent. Vanquis' records show that the letters, which included the notice of default, were generated and issued, and I am satisfied this meets the requirements under the Consumer Credit Act 1974.

I've also gone on to think about whether Vanquis should've waited longer before registering a default. The Information Commissioner's Office (ICO) has guidance as to when a default should be applied to an account. The ICO states a default should be registered after three to six months of missed payments. As Mr K missed several payments, Vanquis correctly issued a default notice, and there is no evidence that it had been notified of a change of address, I am satisfied that the default was applied in line with this guidance.

I appreciate that the arrears were relatively small and that Mr K paid them once he became aware of the situation. However, a default reflects the fact that payments were missed over a

sustained period, not the size of the balance. The fact that the balance was later cleared does not mean the default was wrongly applied.

I also recognise the impact a default can have on someone's ability to obtain credit. However, this alone does not make its application unfair. Given that Mr K did not make the required payments and Vanquis followed a fair and reasonable process before registering the default, I don't find that Vanquis acted disproportionately or unreasonably.

Mr K has referred to other decisions made by this service. I've taken his comments into account, but each complaint our service considers, is decided on its own individual facts and circumstances. In this case I'm satisfied that Vanquis acted fairly and reasonably with the actions it took when dealing with the arrears on Mr K's account, and I don't consider it made an error in applying the default when it did. Whilst I appreciate Mr K will be disappointed, I don't require Vanquis to remove the default from his credit file.

### **My final decision**

I don't uphold this complaint against Vanquis Bank Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 27 February 2026.

Farhana Akhtar  
**Ombudsman**