

The complaint

Miss J is unhappy with the support and service that she's received from Vanquis Bank Limited.

What happened

On 1 July 2024, Miss J called Vanquis and explained that she was experiencing very difficult personal and financial circumstances which meant that she could no longer afford to repay her Vanquis credit card account.

Miss J asked Vanquis to apply a hold to her account, wherein she wouldn't have to make any payment to her account for a set time, and wherein no interest or charges would be applied to the account. But Vanquis declined Miss J's request and said that they required payments of at least £1 per month. Miss J wasn't happy with the support that Vanquis were offering here, so she raised a complaint.

Vanquis responded to Miss J but didn't feel that they'd done anything wrong regarding the support that they'd offered to her. Miss J wasn't satisfied with Vanquis' response, so she referred her complaint to this service.

One of our investigators looked at this complaint. But while they acknowledged the difficult situation Miss J was in, they didn't feel that Vanquis had acted unfairly. Miss J didn't agree, and so the matter was escalated to an ombudsman 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.

I issued a provisional decision on this complaint on 4 February 2026 as follows:

I've reviewed the written testimony and documents from both Miss J and Vanquis and listened to the calls that took place between Miss J and Vanquis. And having done so, I feel I must begin by acknowledging the extremely challenging personal circumstances that Miss J has described.

These include that she had to reduce her hours at work to care for her ill father, and that she and her children were effectively made homeless because of a mould issue at her home that the local council don't appear to have been able to resolve. All of which left Miss J in the unfortunate position of having monthly outgoings, including basic needs and payment commitments to creditors such as Vanquis, that exceeded her monthly income.

I can only imagine the stress and worry that Miss J must have felt at that time. And on a personal level, it's only natural for me to sympathise with Miss J and to hope that her situation has improved. However, on a professional level, in my role as a Financial Ombudsman, I must remain impartial. And while I acknowledge Miss J's difficult circumstances, I also must acknowledge that Vanquis had provided Miss J with a substantial

line of credit which Miss J had the benefit of and which Vanquis were reasonably entitled to want repayment of.

When Miss J called Vanquis and asked them to hold her account without her having to make payment, Vanquis explained that they don't offer that option themselves, and they also explained that any arrangement they agreed with Miss J directly required some form of ongoing payment, of at least £1 per month.

This is a commercial decision that Vanquis were entitled to make. But as Vanquis are aware, in May 2021, a UK Government back 'breathing space' scheme came into force. In order to apply for this scheme, an account holder must do so through an authorised debt advisor, which means that Vanquis don't have to apply an account hold if an account holder asks Vanquis for one directly, as Miss J did.

I would have reasonably expected Vanquis to have explicitly explained to Miss J that she could obtain a breathing space hold via the government scheme if she applied for one through a debt advisor. But Vanquis didn't do this, and while they did refer Miss J to those debt advisors, they didn't tell her that she could obtain the breathing space that she wanted if she had done so.

It's clear to me, from Miss J's testimony and from the calls and live chat transcripts that I've reviewed, that Miss J was extremely upset by the lack of support she felt that she was receiving from Vanquis. This included not only the lack of clear referral for the government breathing space scheme, but also Miss J being asked to email Vanquis' financial difficulty team on two occasions, which received those emails (as per Vanquis' system notes) but failed to respond to them. And I'll be provisionally upholding this complaint in Miss J's favour because of this and instructing Vanquis to pay £500 compensation to her.

In arriving at this compensation amount I've considered the impact of the poor service and support that Miss J has received from Vanquis on her, which as explained I feel was significant and was exacerbated by the challenging personal circumstances that Miss J was experiencing. Vanquis could and reasonably should have helped Miss J at that time, by being prompt and clear in their communication with her. But by not doing that, I feel that Vanquis caused Miss J unnecessary stress and frustration at a time when she was vulnerable and in need of help. And because of this I feel that £500 is a fair compensation amount. This amount must be paid by Vanquis to Miss J directly, to an account of her choosing.

Miss J has also said that when Vanquis offered her the £1 per month long-term plan, they said that interest and charges would continue. Having listened to the calls, I'm satisfied that wasn't the case. Rather, Vanquis did explain that interest and charges would stop, and having been told that, Miss J specifically states 'So the interest will stop. How long can you be on that?'. However, I feel that this is largely a moot point, as Miss J's income and expenditure showed that she had no disposable income at all, such that any form of payment wasn't suitable for her.

This leads me to a consideration of Miss J's financial position at that time. As has been explained, Miss J had no disposable income and so could not make any payments towards her Vanquis account. And Miss J explained to Vanquis on the calls that her situation was not projected to improve in the upcoming months, with Miss J explaining to Vanquis on one occasion that she may well have less money in a year's time than she has now.

Because of this, I feel that Vanquis should have recognised that Miss J had no reasonable chance of avoiding a default on her account, and so should have moved to default her account at that time. By not doing so, Vanquis allowed Miss J's account to remain in arrears

and incur further interest and charges when there was no tangible chance that Miss J would have been able to recover the position of her account before it was defaulted. This doesn't feel fair to me, given Vanquis' obligations regarding customers in extreme difficulty, such as Miss J.

Accordingly, I also instruct Vanquis to backdate the default on Miss J's account to 1 August 2024 – as if Vanquis had issued a final demand notice to Miss J on 1 July 2024 – and to recalculate the balance of Miss J's account, removing all interest and charges applied after 1 August 2024. Vanquis must also update their reporting to the credit reference agencies in line with this instruction.

I feel that it was unfortunately the case that Miss J couldn't have avoided the defaulting of her Vanquis account, given her circumstances. And to this end I also would have expected Vanquis' agents to have discussed Miss J's request for a breathing space hold with her, and to have questioned what it would have achieved, given that it likely would have delayed, rather than avoided, the defaulting of her account. But again, Vanquis didn't do this, and ultimately, I feel that the standard of service and support they did provide Miss J wasn't reasonable in consideration of the personal circumstances Miss J told them about, and that Vanquis did treat Miss J unfairly as a result.

Miss J responded to my provisional decision and confirmed that she was in acceptance of it. Vanquis did not respond to my provisional decision and thus raised no objection to it. As such, I see no reason not to issue a final decision here whereby I uphold this complaint in Miss J's favour on the basis described in my provisional decision. And I therefore confirm that my final decision is that I do uphold this complaint in Miss J's favour on that basis accordingly.

Putting things right

Vanquis must backdate Miss J's default to 1 August 2024 and recalculate the balance of Miss J's account on that basis, removing all interest, fees, and charges that may have been incurred after that date.

Vanquis must also update their reporting to the credit reference agencies in accordance with the above instruction.

Finally, Vanquis must pay £500 to Miss J. This amount must be paid to Miss J directly and must not be used by Vanquis to reduce Miss J's outstanding account balance.

My final decision

My final decision is that I uphold this complaint against Vanquis Bank Limited on the basis explained above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss J to accept or reject my decision before 20 March 2026.

Paul Cooper
Ombudsman