

## **complaint**

Miss L complains Vanquis Bank Limited has recorded incorrect information on her credit file.

## **background**

Miss L had a credit card account with Vanquis. In 2016 she fell into financial difficulties when her partner became unwell. She was sent a default notice and she subsequently agreed, through a debt collection agency working on behalf of Vanquis, to pay £100 a month.

In 2016 Miss L missed a payment and she agreed a new repayment arrangement of £200 a month. But over the coming months Miss L's partner became worse and she needed to provide additional care. And this made meeting her commitments more difficult. Because of this Miss L missed repayments in January and February 2017. The agency wrote to Miss L about her arrears and a new payment arrangement of £70 a month was agreed as she was struggling to meet the previous amount.

Miss L later became aware missed payments were being recorded on her credit file despite her meeting the £70 a month she agreed to. She complained to Vanquis as she didn't think this was right as she had only missed two payments. Vanquis didn't uphold the complaint as it said the account was in arrears.

Our investigator looked into the complaint but didn't uphold it. He found that it was right for Vanquis to record information as Miss L had missed payments. And although he found it should have started recording information earlier this didn't have an overall impact on the credit file. Miss L disagrees and has asked for the matter to be reviewed. She says her credit file should only have shown the two missed payments and shouldn't be recording continued arrears on the account. She complains says this has impacted her ability to get credit and had she known she would have taken steps to borrow money or get a second job to repay the arrears.

The balance with Vanquis has now been cleared.

I issued my provisional decision on 18 February 2019 explaining why I was minded to uphold this complaint. I said:

*Although I have only summarised the background and arguments above, I would like to reassure Miss L and Vanquis that I have read and considered everything provided.*

*Where a lender is recording information on a credit file, that information should be an accurate reflection of the account history. We have asked for explanations from Vanquis as to why it's recording arrears during the period Miss L was making the agreed repayments of £70 a month. It said any agreement with the collection agent isn't an agreement with it and if Miss L was paying less than the agreed amount the arrears wouldn't be cleared and late payments will be shown.*

*This debt originated from a credit card. Vanquis sent Miss L a default notice, but the account, as far as I can see, was never defaulted as Miss L came to a payment arrangement regarding the arrears. I also can't see there has been any modification to the credit agreement itself. I therefore don't agree that Miss L was contractually obliged to pay £100 a month.*

*Vanquis appointed a collection agent to act on its behalf with regard to this debt. I'm satisfied that any agreement for repayments with the agent was an agreement with Vanquis. Miss L missed two repayments, for January and February. And it's right for this to be recorded on her credit history – although it actually isn't. To be correct arrears of £200 should be showing for January and February 2017 – the status being 1 then 2.*

*Miss L then agreed a repayment arrangement with the collection agent for £70 a month, with the first payment due and paid, albeit a few days late, in March 2017. But this isn't recorded on the credit file although there is a £70 reduction of the outstanding balance. Miss L continued to pay £70 a month until the balance was cleared. The credit file shows Miss L was in an arrangement. It also showed the monthly payment was £70.*

*But in addition to that Vanquis recorded an increased status indicating the arrears were building up. I don't agree that was a correct reflection of the account – once a new agreement was reached that is the basis on which any arrears should be recorded. So the credit record should either have stayed at status 2 – as Miss L had missed two repayments – until such time as the monthly repayment started to impact that, or, the status should have reverted back to zero once a new agreement had been reached. My understanding of credit reference agencies is that either of these would be a correct reflection of the how the account was run.*

*I accept that the incorrect recording of information might have impacted Miss L's ability to gain credit. But I do need to consider that any prospective lender would have seen that she was in an agreed payment arrangement, which of itself might be a factor in any lending decision. If Miss L believes she has been turned down for credit because of the way Vanquis recorded her repayments, then I will need specific evidence showing this – that is, I will need to see evidence showing that lenders have turned down applications for just this reason.*

*Miss L has been asking for this information to be put right for some time. And I can understand why discovering her credit file was wrong would have caused some concern, for which she should be fairly compensated.*

### ***how Vanquis should put this right***

*As I have found Vanquis has recorded incorrect information about how Miss L's account with it was run, it needs to put that right. I don't know what impact either of the correct ways of recording the information will have on Miss L. I leave it to her to choose one of the below options and ask that she let me know which in response to this provisional decision. With that in mind I require Vanquis to:*

- *Record a missed payment of £200 for both January and February 2017 and show that from March 2017 the payment amount is £70, and either*
  - *Record the account status as 2 to reflect the two missed payments until such time as the £70 monthly repayments started to reduce the balance to below the two missed payments. The account status should then be reflected accordingly, or*
  - *Record the account status as 0 from March 2017 to reflect a new payment arrangement had been agreed which was being met.*

*As mentioned above, I think Miss L would have found the incorrect information being recorded worrying and she has been trying to get this matter put right for some time. As a*

*reflection of the inconvenience this has caused I also require Vanquis to pay Miss L £100 compensation.*

Miss L accepted my provisional findings but she didn't let me know which of the options she selected. Vanquis confirmed receipt of my provisional decision but hasn't provided anything further for my consideration.

### **my findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

As neither party has any further evidence or arguments for my consideration, I see no reason to alter my provisional findings. I'm satisfied Vanquis has recorded incorrect information against Miss L's credit history and it needs to amend that.

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  - Record the account status as 0 from March 2017 to reflect a new payment arrangement had been agreed which was being met.

As mentioned above, I think Miss L would have found the incorrect information being recorded worrying and she has been trying to get this matter put right for some time. As a reflection of the inconvenience this has caused I also require Vanquis to pay Miss L £100 compensation.

### **my final decision**

For the reasons given I uphold Miss L's complaint. I require Vanquis Bank Limited to put matters right as set out above. Miss L will need to let us and/or Vanquis know which of the options she has chosen.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss L to accept or reject my decision before 13 April 2019.

Claire Hopkins  
**ombudsman**