

complaint

Miss C complains that Vanquis Bank Limited added a default to her credit file when she'd been told this wouldn't happen if she kept in touch. She wants it removed.

background

Miss C says that in May 2016 she contacted Vanquis to tell it she'd lost her employment. And that she wouldn't be able to pay the minimum monthly amount. She says she believes she then did everything Vanquis and its debt collector asked her to do in terms of keeping in touch. Miss C accepts payments weren't made. But that was because she'd been told she couldn't set up a payment plan until her priority debts up to date. She says she wasn't told she could make payments even without the plan being set up.

Miss C says a default was recorded on her credit file on 30 November. She agreed a repayment plan on 8 December. Miss C feels she was given misleading information about what was required of her and that the default should be removed.

When she complained Vanquis told her that it could see no payments had been made for eight months. It said its debt collectors had agreed to provide *three* months "breathing space" for Miss C to gain an understanding of her finances. And that its debt collector had told her no repayment plan could be set up until her priority debts were up to date. This they said was to prevent her experiencing further financial difficulties.

Vanquis noted that Miss C had agreed a repayment plan on 8 December but that the default was applied to her credit file on 30 November. It said it had to provide correct information to credit agencies. So it wouldn't be removing the default as it had been properly applied. Miss C wasn't happy with this so complained to us.

The investigator who looked at this case did not recommend the complaint should be upheld. He found that Miss C had contacted Vanquis in May to tell it of her loss of employment and financial difficulties. He said she got back in touch with it in June to say she was back in work and was due to be paid towards the end of July 2016. And dependent on her priority debts she might be able to make the June payment. But he saw that no payments were made in June or July.

He found that Vanquis had then applied its policy to refer the account for debt collection to a third party. But the default was not applied at this time. That third party, he said, had given Miss C time to sort out her finances. But it wouldn't set up a payment plan as she still had priority debts to pay. He thought the debt collectors had acted properly in giving Miss C a reasonable amount of time to start repayments - but that it couldn't do this forever. He felt the default was fairly applied (on 30 November) - as no payments had been made since April. So he wouldn't be asking Vanquis to remove the default from Miss C's credit file.

Miss C didn't agree with this and asked that an ombudsman to review her complaint and make the final decision.

my findings

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

I can see Miss C feels very strongly that she was misled by information she says she was given. And that this led to the default being recorded on her credit file.

I've listened carefully to the phone calls that Miss C had with the debt collecting firm acting on behalf of Vanquis. And I'm satisfied that she was misled - albeit inadvertently. In three separate calls there are promises to put the account "on hold". Vanquis has since said the "on hold" only refers to the debt collecting and not the default.

But I'm satisfied that this wasn't explained to Miss C. She contacted the debt collectors as a result of information contained in the letter regarding the warning of default. So it's completely reasonable for her to link the two aspects - default and debt collection. When she's told the account is "on hold" I think she's entitled to think it applies to both matters. It's not for me to tell Vanquis how its agents should advise customers but *it is* important that information given is clear and not open to misinterpretation.

But whilst I find Miss C was misled, I'm not satisfied this led to the default. At the time it was recorded she'd made no payment for eight months. And whilst she says this was because she thought the account was "on hold", it really doesn't alter things. When she made the payment plan agreement it was for an amount which would take over three years to clear the debt. Vanquis would have been entitled to apply the default at this point in any event. So I can't say the misleading impression she was undoubtedly left with was the cause of the default.

I think a fair and reasonable outcome to this situation is to award Miss C £100. This is for the poor service that led her to believe a default wouldn't be applied to her credit file at that time - and for the distress caused when she discovered this was not correct. But I'm not able to tell Vanquis to remove it - as it's an accurate reflection of the position at that time.

So for the reasons given I'm upholding part of this complaint and ordering Vanquis to pay Miss C £100. I've told Vanquis this.

While reviewing the complaint, I've been informed by our investigator that Miss C has agreed a settlement on her account and the balance is now cleared. And whilst it doesn't affect my decision I'm sure it's a relief for her and hopefully enables her to take control her finances as she would wish.

my final decision

For the reasons given above I'm ordering Vanquis Bank Limited to pay Miss C the sum of £100. To avoid doubt this award is separate from any other agreement which might have been reached regarding the payment of the remaining account balance.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 6 July 2017.

Stephen D Ross
ombudsman