

complaint

Mrs C complains that Vanquis Bank Limited (Vanquis) did not set up a direct debit as she had requested and went on to incorrectly register a default on her credit file.

background

Mrs C had a credit card account with Vanquis. In January 2015, she said she contacted Vanquis to set up a direct debit to pay the minimum payment on her account each month. However, it was not set up and a default notice was issued in April 2015. The debt was passed to a debt collection agency. She said she made various attempts to contact Vanquis and the debt collection agency and was assured that so long as payment was made within six months of the default notice, no default would be registered.

In July she said she entered into a payment plan with the debt collection agency. A payment was made under the plan in August 2015. However, about a week later Vanquis wrote to her to say that a default would be registered unless the payment due was made. On 31st August 2015 Vanquis went on to register the default.

Mrs C complained to Vanquis. She wanted it to remove the default. It said it could not find her request to set up a direct debit on the account. It said it had looked at her account and as the contractual payments had not been maintained it said the default was a true reflection of the activity on her account.

Mrs C asked us to look at her complaint. Our adjudicator didn't think that Vanquis had acted unfairly and she didn't ask it to remove the default.

Mrs C did not agree. In summary, she said she had contacted the debt collection firm as advised by Vanquis and agreed a payment plan with it. She said she was assured that no default would be registered provided she kept to the payment plan. As she made the August payment she said it was unfair of Vanquis to register the default when it did. Although there were problems with later payments under the plan she said she was assured by the debt collection agency that they would not be an issue.

She asked for an ombudsman's 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.

Having looked at the account statements, I can see that Mrs C made a payment by debit card at the end of January 2015. I can see that when the January payment was made she had already missed the previous two months payments. No other payment was made on the account until August 2015. Mrs C said that is because she thought a direct debit instruction had been set up on the account. Vanquis said it received no such instruction.

Vanquis have been unable to provide copies of the telephone calls that Mrs C said she had with it. However, it is clear that for whatever reason no direct debit was set up.

I can see that monthly statements were available online which showed the amounts due and from which it would have been evident that the direct debit was not in place and that the

account was in arrears. In addition notices of arrears were attached to some of the statements. Vanquis also said the statements were sent by post once an account was in arrears. It also sent several other letters to Mrs C inviting her to contact it and a notice of default was sent in April 2015.

Mrs C said that she did not know that the account was in arrears and that the direct debit had not been set up until June 2015. She said that she had problems with her post and that she didn't receive any of the letters. She also said that she did not access her statements online.

I acknowledge Mrs C's comments but I am satisfied that the statements were sent. I also think it is reasonable to expect a person to examine their own financial affairs and ensure payments are being made on time. If Mrs C did not receive any correspondence whatsoever, which I think is unlikely given the amount sent, then I think she could have accessed her online account, contacted Vanquis or indeed looked at her bank statements to ensure that the direct debit had been properly set up.

Vanquis said Mrs C eventually contacted it in June 2015 and it advised her that no default would be registered at that point but would be considered in two months. It recommended she contact the debt collection agency to set up an arrangement to pay.

I can understand Mrs C's frustration having entered into an arrangement to pay and having made a payment in August 2015 in line with the agreement she found that the default was still registered. Mrs C's said the debt collection agency told her if the plan was maintained no default would be entered. It is not entirely clear whether Vanquis accepted the payment plan as sufficient payment towards the debt.

Mrs C did not contact the debt collection firm until a month after she was advised to do so. By the time the first payment was collected in August 2015 the account was more than six months in arrears. Vanquis wrote to Mrs C on 18th August 2015, about a week after her first payment with the plan, advising Mrs C that the default had not yet been registered but that it would shortly be posted with the credit reference agencies if due payment was not made. I would have expected Mrs C to contact it to discuss the pending default.

As it happens, the payment due in September was not received as it should have been. I acknowledge Mrs C's comments as to why that happened but given the circumstances here, I think she should have ensured that the plan was adhered to (for example by making a debit card payment) and Vanquis would have been entitled to enter a default in September in any event. So even if the August default was prematurely registered, and on balance I do not think it was, it would have fallen to be registered following the missed September payment.

At the time that the default was registered, Mrs C's account had been in arrears for over six months. I acknowledge Mrs C's comments but I think there were opportunities for her to have become aware of and to resolve the arrears sooner.

Having considered all of the circumstances of the case, I don't think that Vanquis acted unfairly when it entered the default. Nor do I think it is fair of me to ask it to remove it from Mrs C's credit file.

my final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 22 March 2016.

Siobhan Kelly
ombudsman