

complaint

Miss D complains that Vanquis Bank Limited (“Vanquis”) registered a default against her and passed her debt on to a debt recovery agent. She believes that she provided Vanquis with her updated address and that Vanquis did not contact her at that address before registering the default. She wants the default to be removed from her credit file and to be allowed to settle the debt.

background

In autumn 2017, Miss D opened a credit card account with Vanquis. Her account had a limit set of £250.

Miss D used the card and regularly made payments into her account for a period.

In May 2018, when Miss D’s balance stood close to the account limit, Miss D made a payment by direct debit.

Around this time, Miss D experienced difficulties in her personal life. She travelled away from home and experienced bereavement. She also moved home.

Miss D believes she updated Vanquis of her new address at this time.

Miss D’s payments on her credit card account stopped, and she incurred default charges, over limit charges, and additional interest.

Vanquis wrote to Miss D at the address it held for her. Vanquis also sent Miss D text messages alerting her to the balance and that payments had been missed.

In September 2018, Vanquis wrote to Miss D warning her that a default could be registered against her.

In October 2018, Vanquis passed the debt to a debt collection agency.

No payment was made into the account and in January 2019, Vanquis registered a default against Miss D’s credit file.

Miss D returned from her travels in February 2018 and later learned of the default.

She contacted Vanquis in early March 2018 and advised them that she had moved home and had experienced personal difficulties. She submitted a complaint.

She then contacted Vanquis around a week later and found that her address details had not been updated.

Vanquis sent Miss D its final response in April 2019. It rejected her complaint and explained that there was no evidence that she had updated her address details in 2018. Vanquis set out that messages had been sent to the number which Miss D currently held, and calls had been attempted. It also noted that no payments had been received since May 2018.

Miss D was not satisfied with that response and contacted us.

One of our investigators has looked into this matter and set out his view to the parties.

This view was that Vanquis had acted reasonably and had made attempts to inform Miss D of the action it was taking to pursue the debt. Our investigator therefore considered that the default was properly registered and he did not ask Vanquis to remove it.

Miss D did not accept that view and asked for an ombudsman 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 understand that Miss D has experienced a difficult time over the relevant period including issues of poor health, bereavement and travel abroad.

She has explained that she feels many others would have found themselves in her situation and that she thinks Vanquis ought to be lenient in the circumstances. She has also found that the default is impacting upon her ability to get credit and thinks that this is disproportionate to the amount of debt involved.

I sympathise with all that Miss D has been through, but our role is to look at whether the business acted fairly and reasonably in the circumstances. Where a debt is outstanding, and no arrangement has been made regarding that debt, it is reasonable for Vanquis to pursue recovery of the debt, including by passing the debt to recovery agents.

In this instance, Vanquis has provided evidence that Miss D was using her credit card up until May 2018 and was managing her account reasonably well until that point, making payment by direct debit and additional payments to bring her within the account limits.

In May 2018 these direct debit payments stopped, when Miss D was around her credit limit. There is no evidence that Miss D contacted Vanquis at the time to explain her situation or to make an arrangement to pay off the debt. Vanquis has demonstrated that it continued to send updates of her balance by statement and by text message, to the number which Miss D has continued to use.

Miss D has said that she provided her new address to Vanquis in 2018 but that Vanquis continued writing to her previous address. There is no independent evidence of the new address being provided, but in any event, I do not think that Miss D was relying on correspondence through the post to know whether she had a balance or not.

I think, on the balance of probabilities, that Miss D was aware of her balance from the text messages that Vanquis sent to her, and was at the very least aware that there was an outstanding balance on her account. She ought to have made efforts to manage her debt and continue to make her minimum payments, or to contact Vanquis to explain her difficulties if she was unable to do so.

On the basis that Miss D stopped making payments, and does not appear to have been in touch with Vanquis, I think it was reasonable for Vanquis to treat the debt like any other unpaid debt. This includes giving warnings of a default and passing the debt to a debt recovery agent.

Miss D contacted Vanquis after she returned from her travel in 2019, by which time the default had been registered and the debt passed on. I do not think there was an opportunity for Vanquis to have exercised leniency before the default was registered, and I am not critical of Vanquis for this.

Vanquis is obliged to provide accurate information to credit reference agencies and appears to have provided this. I do not think its refusal to remove the default, which is an accurate reflection of the way the account was managed, is unfair.

That said, I would expect Vanquis to be helpful to Miss D if she now makes enquiries as to how to settle the debt and to minimise the further impact of the default.

For these reasons, I agree with the investigator's view that Vanquis has not done anything wrong, and I do not uphold Miss D's complaint. I appreciate that this will be disappointing to Miss D but I hope it clearly explains why I have reached this decision.

my final decision

As set out above, I do not uphold Miss D's complaint and do not ask Vanquis Bank Limited to do anything further.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss D to accept or reject my decision before 30 April 2020.

Laura Garvin-Smith
ombudsman