

complaint

Mr H complained because Vanquis Bank Limited recorded an “*Arrangement to pay*” on his credit file. He wants Vanquis to record a “*Default*” instead.

background

Mr H had a Vanquis credit card with a limit of £1,500. He exceeded the limit and had a balance of around £1,850. Mr H wasn't able to make the payments he needed to, and in 2016 Vanquis agreed a long-term arrangement under which Mr H would pay £1 a month towards his debt.

On three occasions, Vanquis issued a Notice of Default to Mr H. A Notice of Default doesn't say that a default will definitely be issued against a debtor. It's a formal warning under the Consumer Credit Act, which says that the lender has the right to issue a default if the customer doesn't take action.

Vanquis issued one of these Notice of Default letters to Mr H on 5 September 2016. This said that Mr H hadn't made the required £1 payment and was therefore in breach of his contract with Vanquis. The letter said Mr H had until 24 September to make the payment due, and the arrears were £1. It said:

“If you fail to comply with the enclosed Notice of Default we may file a default in respect of your credit card account with the credit reference agencies.”

The letter also said:

“This can be remedied if you submit a payment sufficient to clear the arrears.”

On 19 September 2016, Mr H made a payment of £2 to his Vanquis account, and then continued to make regular payments of £1 or £2 a month.

In November 2018, Mr H asked Vanquis to default his account. Vanquis refused, and Mr H complained. Vanquis explained to Mr H that his account hadn't defaulted. For an account to default, the account must be 6 contractual payments in arrears. Mr H had a payment arrangement, which had agreed a lower contractual payment. He'd kept up to date with his arrangement, so his account hadn't defaulted. Vanquis also explained that a payment arrangement wasn't as bad for Mr H's credit file as a default would be.

Mr H wasn't satisfied and complained to this service. He said that he has other debts, and is in a debt management plan. A number of his other creditors had defaulted his accounts, and he'd now made an agreement through a debt management company, so he'd only pay back a percentage of the debts which had been defaulted. So Mr H wanted his Vanquis debt to be defaulted too. He said that he'd had a Notice of Default in September 2016, so he believed Vanquis should have defaulted his account at that point.

In December 2018, Mr H paid off the full balance of his account.

The adjudicator didn't uphold Mr H's complaint. He looked at Mr H's statements, and saw that he'd made a payment on 19 September 2016 which had paid off the arrears. He also looked at Mr H's credit file, which correctly showed “*Arrangement to pay*.”

Mr H was still unhappy. He said that he'd had other creditors who had given him a default, but Vanquis wouldn't do so, which meant his debt would stay on his file longer. Mr H also

said that he knew someone else where this service had reversed the lender's decision, and had made them lodge a backdated default.

my findings

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

First, we look at every complaint on an individual basis. Circumstances differ, and I've looked at Mr H's situation, not whatever his friend's situation might have been.

Similarly, Vanquis was entitled to act in accordance with its own policies and the particular situation of Mr H's account with Vanquis. I can see from Mr H's credit file that his other debts varied. Some were defaulted and some had arrangements to pay. But it was up to those lenders to follow their own policies. I can only look at Mr H's Vanquis account, and assess whether Vanquis acted fairly.

The letter with the Notice of Default which Mr H received wasn't telling him that his account had definitely been defaulted. It was a warning. As I've set out above, the wording explained that "*if you fail to comply...*" Vanquis "*may*" issue a default. And it also specifically said that this could be remedied if Mr H made a payment to clear his arrears. This is what Mr H did. So Vanquis was right when it didn't default his account.

As Vanquis explained, an "*arrangement to pay*" marker on a credit file is viewed less unfavourably than a default. Mr H's credit file shows that this was what Vanquis recorded. All lenders have to supply correct information to the credit reference agencies. And it was accurate that Mr H had an arrangement to pay.

I recognise that Mr H would have liked to include his Vanquis debt with his other defaulted accounts, as he's said he only had to pay a percentage of those debts. But that doesn't change the fact that his account hadn't defaulted. So it wouldn't have been correct for Vanquis to report it as defaulted.

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 Mr H to accept or reject my decision before 30 January 2020.

Belinda Knight
ombudsman