

## **complaint**

Miss D complains about the default date that Vanquis Bank Limited recorded on her credit file.

## **background**

Miss D opened a Vanquis credit card account in November 2008, but by January 2009 she had exceeded her £250 credit limit and the account was suspended the following month. However, the account balance continued to increase as the minimum repayments were lower than the monthly charges and interest. A payment plan was set up in February 2010, but Miss D did not adhere to it and charges still exceeded the planned repayments. A default notice was issued in December 2010. Interest and charges were suspended in February 2011 and Vanquis refunded £372 in May 2011, by which time Miss D's balance was over £900. It then registered a default on her credit file in February 2012. Miss D says the default should have been registered much earlier.

Our adjudicator recommended that the complaint should be upheld. She found that Miss D was unable to bring the account back within its credit limit and considered that Miss D's relationship with Vanquis had broken down at that stage. She was satisfied that Vanquis should have sent a default notice and subsequently recorded a default within six months of the date the account first exceeded the credit limit. She said Vanquis should amend Miss D's credit file to reflect a default date in June 2009 and refund any outstanding interest and charges that were applied after that date.

Vanquis responded to say, in summary, that it does not consider the overlimit amount to be arrears and that Miss D's account did not meet its criteria for the default notice until December 2010. It said, therefore, that Miss D's account could not be defaulted before the notice was issued and, indeed, that Vanquis does not register defaults until an account is 210 days in arrears, which was February 2012. It added that it had already refunded all default charges, but it did not consider any refunds were due in respect of interest.

## **my findings**

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

I acknowledge that Vanquis says it was following its own procedures when it defaulted Miss D's credit card, but I need to consider whether this was reasonable in the context of her account. Miss D was operating outside the terms of her credit card account one month after starting to use it and, because of the various charges applied, she was never able to bring the account back within its credit limit. Although Vanquis says it does not consider overlimit amounts to be arrears, that is contrary to what it says on Miss D's statements.

Indeed Miss D spent nothing on her card after January 2009, but the balance continued to increase. Vanquis warned Miss D about the increasing arrears on her account every month from February 2009, but charges continued to exceed her repayments. I do not consider it was reasonable for Vanquis to have waited until February 2010 before agreeing a repayment plan, as Miss D's account balance was already double its credit limit by then. Indeed, I note that Miss D was only able to adhere to the plan for two months anyway.

Much like the adjudicator, I find that Vanquis should have taken action much sooner and I consider it would have been reasonable to default Miss D's account when she had been operating it outside its terms and conditions for six months. Had it done so in June 2009, it is usual practice to suspend charges and interest at that point. Therefore I think it is also fair that Vanquis refunds any such charges that have not already been refunded.

**my final decision**

My decision is that I uphold this complaint. Vanquis Bank Limited should amend the default date on Miss D's account to June 2009 which means it should no longer be shown on her credit file. In addition, Vanquis Bank Limited should refund any interest and charges applied after June 2009 that have not already been refunded.

Under the rules of the Financial Ombudsman Service, I am required to ask Miss D to accept or reject my decision before 11 September 2015.

Amanda Williams  
**ombudsman**