

The complaint

Mr E complains that Vanquis Bank Limited (Vanquis) marked his credit file.

What happened

Mr E had a credit card from Vanquis. In September 2020, the balance was £923.23 and the limit was £1,000. In April 2020, Mr E asked for a payment holiday for three months - as his income was affected by the pandemic. Vanquis agreed this in line with the pandemic support scheme which was in operation at the time. Payments were stopped for three months, and credit reference agencies weren't to be notified. Interest was charged. But Mr E's credit file was marked with missed payments, a Notice of Default was sent to Mr E on 8 May 2020, and the account was passed to a debt collection agency to manage repayments.

In September 2020, the minimum payment due was £43.78. This wasn't paid by Mr E. The payments for October 2020, November 2020, December 2020, and January 2021 also weren't paid. Mr E's credit file was marked with the missed payments for those months.

Mr E twice complained to Vanquis. Firstly, on the three-month payment holiday in April 2020 – he said that his credit file had been marked and it shouldn't have been – as this wasn't part of the payment holiday scheme. And it also wasn't fair that his account had been passed to a debt collection agency.

On Mr E's first complaint, Vanquis apologised. They said they'd made an error when they set up the payment holiday, and Mr E's credit file should not have been marked with missed payments. Neither should the debt have been passed to a debt collection agency. They agreed to remove the markers from Mr E's credit file for the months of April 2020 to July 2020 and recalled the debt from the debt collection agency. They deleted the arrears on Mr E's account and paid compensation of £225 to his card account. In their final response, Vanquis said that the compensation payment wouldn't be counted as a monthly payment into the account – in other words, Mr E would still have to make the contractual monthly payments.

Mr E then complained a second time - in February 2021. He said that despite what Vanquis had committed to do, his credit file hadn't been changed for the months of April 2020 to July 2020. And he also complained that the markers on his credit file for October 2020 to January 2021 weren't fair. Vanquis had blocked his access to the Vanquis app, and that was the way he paid into his account. He worked long hours and couldn't phone Vanquis to make payments or use any other method. Because Vanquis had blocked access to the app, he said the missed payment markers were unfair and should be removed. He said his credit record had been unfairly affected.

On Mr E's second complaint, Vanquis apologised that they hadn't removed the markers from Mr E's credit file for the months of April 2020 to July 2020. This was their error. They removed them and offered compensation of £150. On the matter of the missed payment markers for October 2020 to January 2021 – Vanquis said Mr E hadn't made a payment for those months and so they should remain in place. Mr E's access to the app had been blocked since the Notice of Default was sent in May 2020. Vanquis said there were several

other ways that Mr E could use to make payments.

Mr E didn't agree and didn't accept Vanquis' offer of compensation of £150. He brought his complaint to us. Our investigator said that Vanquis had dealt with Mr E's complaints reasonably. On the matter of the payment holiday, they'd apologised for their error in not setting it up correctly, committed to change his credit file and paid compensation of £225. And then, later, when Mr E said the credit file hadn't been changed as they'd said it would – they put that right and offered compensation of £150. He thought that was fair. He said that the markers on Mr E's credit file for October 2020 to January 2021 were fair as he'd not made the payments for those months. He said that Mr E could've used other ways of making the payments – such as a bank transfer, or over the phone.

Mr E didn't agree. He said the app was his only way of making the payments. He worked long hours and so couldn't call Vanquis to make payments, especially as the wait times were long. He said that had Vanquis advised him that the app was blocked, he could have made other arrangements to pay. Mr E asked that an ombudsman look at his complaint.

What I've decided – and why

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

There are two aspects to Mr E's complaint: firstly, what happened in April 2020 when he asked for the payment holiday and secondly, the missed payments in October 2020 to January 2021 – and the affect on his credit file.

Payment Holiday - April 2020 to June 2020: I can see that Vanquis made an error here as they didn't set up the payment holiday as they should have. They marked Mr E's credit file with missed payments for the months of April 2020 to July 2020 – when, as part of the pandemic support scheme, they shouldn't have. They also sent him a Notice of Default and passed his account to a debt collection agency. In August 2020, Vanquis admitted their errors here, apologised and put things right by saying they would amend Mr E's credit file; take the account back from the debt collection agency; and paid compensation of £225. They also deleted the 'arrears' markers on Mr E's account – so effectively, everything started again. Mr E accepted this as a resolution of his complaint.

But unfortunately – what then happened was that Vanquis didn't change Mr E's credit file as they'd agreed to. So, his credit record suffered until he called them again in February 2021 and March 2021– I've listened the calls he had with Vanquis at that time. Vanquis apologised and changed Mr E's credit file for the months of April 2020 to July 2020 (as they should have done before). For this further error, Vanquis offered Mr E another payment of compensation of £150. I must consider whether that's the right amount. Mr E has said to us that because of Vanquis' error, his credit score was affected. While it's likely that it didn't help his score – there are other aspects which would feed into Mr E's credit score – such as any other credit facilities, and I can't be certain whether his score was solely affected by what Vanquis did. I'm sure it was stressful and frustrating for him - as he said he was proud of his previous good score. But equally, I can't be certain as to the cause and effect of the change in his credit score. And – to be fair, Mr W's credit file was only affected for a fairly short period before it was put right – for six to seven months – because of Vanquis' error. And so – I think that their offer of £150 is a fair one.

Missed Payments between October 2020 – January 2021: All lenders, including Vanquis, have an obligation to report accurate information to credit reference agencies and these can't be removed or changed – unless they've made an error. Mr E didn't make any payments after August 2020 – and his credit file was marked as such for the months

between October 2020 and January 2021. Mr E didn't make a payment between the end of the payment holiday and 26 February 2021 – when a debit card payment of £159.18 was made. He says it was because he couldn't make payments using the app as he'd done before. He said other methods of payment weren't possible for him to use. And on the calls I listened to – Mr E also says he wasn't aware of how much needed to be paid. So, I've considered his arguments.

I looked at Vanquis' communications to Mr E at the time. On 3 November 2020, Vanquis sent a Notice of Sums in Arrears with the arrears at £66.86. It said that Mr E should contact Vanquis if he didn't pay the arrears off. I can also see that Mr E was sent monthly statements which showed the amounts due each month and showed that the previous month hadn't been paid. By January 2021, the arrears were £113.02 and the amount to be paid that month was £136.10. The statement said *"You have failed to make your minimum payment...it could make it more difficult for you to obtain credit in the future..."* A Notice of Sums in Arrears was also sent on 3 January 2021 showing the arrears of £113.02. So – I think that Vanquis gave sufficient information to Mr E about his account, and the consequences of non-payment.

The statements also showed Mr E's Vanquis account number and sort code, together with a paying-in slip. This could've been used at a bank to pay into the account. Mr E has said he didn't have time to visit a bank. Nor did he have time to call Vanquis to make a payment. But there were other ways – he could've used online banking (using his mobile phone) to make payments. He could've set up a monthly standing order from his bank account to his Vanquis account – this could've been done online. Overall, I think it's reasonable to say that Mr E must have been aware of the payments he needed to make and there were sufficient alternative ways of doing that – if he couldn't use Vanquis' app. And so – in respect of the missed payments markers in October 2020 to January 2021 – I don't think it's reasonable to ask Vanquis to remove these.

In summary – my decision is that Vanquis dealt with Mr E's complaints about the payment holiday reasonably and paid compensation of £225. And that was right for what happened.

When they didn't remove the missed payment markers from Mr E's credit file as they'd agreed to - I think that compensation of £150 is right for that, as I've explained. I can't see that this had been paid and this decision tells Vanquis to make that payment to Mr E. On the matter of the missed payment markers on Mr E's credit file between October 2020 to January 2021 – these were applied fairly and should remain in place.

(Continued - decision)

My final decision

I uphold Mr E's complaint that Vanquis didn't remove the markers from his credit file as they'd agreed to for April 2020 to July 2020. Vanquis Bank Limited has already made an offer to pay £150 to settle the complaint and I think this offer is fair in all the circumstances.

So, my decision is that Vanquis Bank Limited should pay £150. If Mr E wishes to accept this,

he should contact Vanquis to arrange to have this paid to his bank account.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 5 July 2022.

Martin Lord
Ombudsman