

The complaint

Ms E complains that Vanquis Bank Limited closed her credit card and recorded a default on her credit file. Ms E also complains that her credit limit was never increased after she opened the account.

What happened

Ms E opened a credit card with Vanquis in 2015. The credit limit was set to £150. Ms E's told us she incurred lots of fees and charges for being over the credit limit or making late payments.

Ms E made a payment in October 2021, leaving the outstanding balance at £149. From that point, arrears grew and Ms E spoke with Vanquis at the end of January 2022, agreeing to make a payment a few days later and clear the arrears by the end of February 2022. Ms E made a payment around 10 days later but didn't go on to clear the arrears. Vanquis went on to send Ms E a notice of default and final demand letters.

Vanquis ultimately closed the account a few months later and recorded a default on Ms E's credit file. Ms E complained and said Vanquis had unfairly added fees and charges over the years and failed to increase her credit limit. Ms E also complained that its decision to close the account and record a default was unfair.

Vanquis sent Ms E a final response but didn't agree it had made a mistake. Ms E went on to refer her complaint to us and it was passed to an investigator. In its submissions, Vanquis said it wanted to make Ms E an offer and said it would backdate the default to 27 February 2022 and refund any interest and charges applied after that date. The investigator thought Vanquis' offer was a fair way to resolve Ms E's complaint. Ms E asked to appeal, so her complaint has been passed to me to make a decision.

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.

Ms E's told us the credit limit for her credit card wasn't increased after she opened it in 2015. But Vanquis has confirmed it can only increase a credit limit if its lending criteria is met. And Vanquis is obliged to ensure it lends responsibly. Vanquis has confirmed Ms E's credit card didn't meet its criteria to increase the credit limit. I'm sorry to disappoint Ms E but as her account didn't meet Vanquis' criteria to increase the credit limit, I'm unable to agree it made a mistake or treated her unfairly.

Businesses are required to treat customers experiencing financial difficulties positively and sympathetically. Looking at Ms E's statements and the available information, I can see it refunded fees and charges over the years. And whilst I can see Ms E did miss payments over time, her account was brought back in line with the credit limit. In my view Vanquis provided support and treated Ms E positively overall. I haven't seen evidence that shows Vanquis treated Ms E unfairly.

I've looked at the statements and payments made to Ms E's account. I agree with Vanquis that the arrears and account activity were sufficient grounds to close her account. I also agree that it waited too long to take the step of ending the agreement and recording a default. I'm satisfied its offer to backdate the default by several months to 27 February 2022 and refund any interest, fees and charges applied from that date is a fair and reasonable way to resolve Ms E's complaint. I understand my decision will likely come as a disappointment, but as I'm satisfied Vanquis has made an offer that is fair and reasonable in all the circumstances I'm not telling it to do anything else.

My final decision

My decision is that Vanquis should backdate the default date to 27 February 2022 and refund any interest, fees or charges applied after that date to the outstanding balance.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms E to accept or reject my decision before 16 February 2023.

Marco Manente
Ombudsman