

The complaint

Miss O complains that Vanquis Bank Limited unfairly registered a default with the Credit Reference Agencies (CRA's).

What happened

Miss O was told she needed to make a payment and for it to clear by 9 December 2022. She made the payment on 9 December 2022, and she thought it would clear straight away, but it took three days to clear, and this resulted in a default being registered. Miss O says this isn't fair as she made the payment by the date they asked. Miss O made a complaint to Vanquis.

Vanquis did not uphold Miss O's complaint. They said she missed a payment due on 1 September 2022 and her account fell into arrears. They said they spoke to her on 10 November 2022, where she made a promise to pay on 25 November 2022. Vanquis said they send her a notice of default letter on 11 November 2022, which gave Miss O until 9 December 2022 to pay the arrears to avoid the account defaulting. They said that although Miss O paid £127.82, this payment did not clear until 12 December 2022 and so the account defaulted. Miss O brought her complaint to our service.

Our investigator did not uphold Miss O's complaint. She said although it's unfortunate Miss O's payment didn't clear on 9 December 2022, Vanquis were explicit in explaining what needed to be done to stop the default action and by when action needed to be taken by. Miss O asked for an ombudsman to review her 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.

A default can only be registered when a customer has been in arrears for at least three months. Miss O appears to have missed her payments due in September, October and November 2022.

Vanquis' system notes show that Miss O agreed to a promise to pay arrangement when she spoke to them on 16 September 2022 and that she could afford her normal minimum repayments moving forward. But Miss O did not meet the promise to pay. The notes show that on a call on 10 November 2022, she also agreed to pay £80 on 25 November 2022. But again, Miss O didn't do this. She did not contact Vanquis again until the month after the default had been registered.

A notice of default was sent to Miss O dated 11 November 2022 and it explained that she had until 9 December 2022 *"to make the Arrears Payment Due, as shown above, in cleared funds"*. So this confirmed the payment needed to be cleared. And the notice of default continues to say *"Please note, the payment must be made in sufficient time for it to be shown as cleared on to your account by that date."* So here, Vanquis have made it clear that the payment must be made in sufficient time for it to be shown as cleared on her account.

But Miss O made the payment on the same day, and as a result of this, the funds didn't clear until three days after this.

The notice of default says "*Please do contact our Customer Support Team to make this payment*", but there's no evidence that Miss O did contact the customer support team when she made the payment. If she was unsure about how long a payment may take to clear then I would expect her to contact Vanquis to find this out prior to the due date. The clearing information was also shown on her credit card statements. As Miss O had made payments via the Vanquis application previously, then she should have reasonably been aware that the funds wouldn't clear on the same day. So when Miss O's payment didn't clear by the date she was clearly told it had to clear by, then they notified the CRA's that the account had defaulted.

Miss O may wish to consider registering a "*notice of correction*" with the CRA's to explain what happened here. This is a short explanatory note that she can add to an entry on her credit file, to explain the background to that entry. So anyone who searches her credit report, would see the notice of correction and take the notice into account if they viewed her credit file. Prospective lenders will each consider a notice like this differently and it isn't a guarantee that they will put the underlying payment information to one side. But given how strongly Miss O feels here - it is an option that is open to her. She would need to contact the CRA's to do this. But as Vanquis are obliged to report the default to the CRA's, it follows I don't require Vanquis to do anything further.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss O to accept or reject my decision before 9 August 2023.

Gregory Sloanes
Ombudsman