

The complaint

Ms P's complaint about Vanquis Bank Limited (Vanquis) relates to the interest rate on her credit card and the level of reduction she feels Vanquis agreed to but did not then apply. She further complains that she asked Vanquis to provide her with a breakdown of her balances and the respective interest rates which had been applied, since these were not set out on her statements, and as Vanquis failed to do so, it has caused more interest to be applied to her account than would otherwise have been the case.

What happened

Our investigator's background summary covered all the relevant facts and issues, and is known to both Ms P and Vanquis, so there is no need for me to repeat it here in any detail. Instead I will focus on giving the reasons for my decision. So, if I've not mentioned something it's not because I've ignored it, rather it's because I don't think it's of direct relevance to the issues I need to deal with.

Ms P says she called Vanquis and during a discussion with one of their representatives it was agreed that Vanquis could offer her a 29.9% interest rate with a 10% reduction, which she took to mean that the overall interest rate would be 19.9%. Vanquis dispute this.

And after completing a balance transfer in May 2019 Ms P requested a spreadsheet setting out the respective interest rates for the different types of balance she had on her account but says this wasn't supplied. Vanquis say they spoke to Ms P on the 29 August and provided her with the information she required.

Ms P was unhappy with Vanquis' final response and so approached this service to see if we could assist in resolving the dispute. One of our investigators looked into the complaint, and having done so, concluded that Vanquis hadn't done anything wrong and had dealt with the complaint fairly.

Ms P didn't agree with our investigator's view and asked for the complaint to be passed to an Ombudsman for a final 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.

The role of the Financial Ombudsman Service is to mediate individual disputes between consumers and businesses, and to award redress where it is appropriate.

I have considered both sides' views in considering whether Vanquis acted fairly and reasonably. I've looked at the issues raised and considered all the available evidence. Where evidence is not complete, I think about what is more likely to have happened in the light of the evidence which is available. I must make an independent decision about what I think is right for each case, and that's what I've done here. In this case, I don't think that Vanquis has done anything wrong and I'll explain why.

There are two substantive issues. First, the agreed rate of interest, and secondly the provision of the necessary information to allow Ms P to know what rates of interest were being applied to her account.

With regard to the first issue, the call recording reveals that Ms P was told that Vanquis could agree to reduce the rate by 10.1% from 39.9% to 29.8%. As our investigator has pointed out this reduction is shown on the monthly statements, albeit it is expressed not as the annual interest rate but the monthly simple interest rate. I am satisfied this was what was agreed, and this is what Ms P received. Based on this evidence I cannot see that Vanquis has acted unfairly and it would appear Ms P may have misunderstood what was actually said on the call.

As to the second issue, the statements themselves do provide a significant amount of information regarding the rates of interest to be applied, and how payments will be allocated if a customer does not pay off the full amount outstanding. The statement describes shows that payments will be allocated in a specific order which is then set out further down on the statement. The wording is this,

When your repayment is not sufficient to pay off the whole of the balance outstanding on your account, your repayment will be applied first to reduce that part of your balance bearing the highest interest rate and then on a descending interest rate.

The interest rates are then set out, but importantly the following also appears on the statement,

Interest Rates: The rate(s) of interest used to calculate the amount of interest charged on this statement and a clear explanation of the way in which the interest applied has been calculated will be provided on request.

Ms P rang Vanquis on the 29 August and spoke to an advisor who explained to her how payments she made were applied. They term this the payment hierarchy. I do appreciate Ms P says she asked for more detail of how her payments had been applied and the applicable rates but was not given it. However, I have seen no evidence within the contact notes to support that. The only evidence there is relates to the call on the 29 August and this shows that the advisor explained clearly how payments were applied. So, having requested an explanation, Vanquis provided it during the call on the 29 August, and I don't think it was necessary or reasonable for them to have provided any further detail.

Our investigator has set out the precise order in which payments are applied, so I won't repeat it, but it is worth emphasising that there are two parts to the process, first an allocation to items on the last statement balance, and then to transactions since the last statement. It may be this which has caused any confusion for Ms P, but having looked at the evidence Vanquis has supplied, and the terms and conditions which govern the account, I do see that Vanquis have acted properly in applying the interest to her account. So, whilst I recognise that Ms P feels that she has been 'hoodwinked' and that the terminology needs to be made clearer, I'm afraid I can't agree that more interest than would otherwise have been applied to her account has been done so.

Whilst I recognise that Ms P will probably be disappointed with my decision, I can't say Vanquis has acted unfairly or unreasonably here and I'm not upholding this complaint.

My final decision

For the reasons set out above I do not uphold the complaint against Vanquis Bank Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms P to accept or reject my decision before 5 September 2020.

Jonathan Willis

Ombudsman