

The complaint

Mr M says that Vanquis Bank Limited has wrongly calculated the interest due on his credit card account.

What happened

Mr M has a Vanquis credit card. In October 2019 he used it to make a purchase for £3,000. That transaction appeared on his November statement, which said that the minimum payment was due on or before 16 December. Mr M paid nearly £2,600 on 10 December and made a further payment of just over £500 on 18 December.

When Mr M received his next statement, however, he noticed that he had been charged interest on the full amount of £3,000 from the date of the transaction. He'd expected to pay interest on the balance left on his account after the payment of 16 December, but not on the full amount. He didn't expect to pay interest on anything he'd paid before the payment due date – 16 December.

When Mr M queried what had happened with Vanquis, it explained that no interest is charged as long as the full statement balance is paid by the due date. If, as happened here, payment isn't made in full, the interest free period is revoked and interest calculated from the transaction date. It had therefore correctly charged interest on the full amount from the date of the transaction until the first payment was made and on the remaining balance from then until the second payment was made.

Mr M didn't accept that explanation and referred the matter to this service. One of our investigators considered it but, having reviewed the account terms, concluded that Vanquis was right to calculate and charge interest from the date of the transaction – and that its explanation was correct.

Mr M didn't accept the investigator's conclusions and asked that an ombudsman review them.

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.

I have however reached the same overall conclusions as the investigator did, and for broadly the same reasons.

I note that Mr M routinely pays off the full balance of his statement in full by the due date. Because of that, he doesn't usually incur interest on his card transactions. The information about the Vanquis card published on its website explains that but goes on to say that, otherwise, interest is charged from the date on which a transaction is debited to the account.

I appreciate that Mr M thinks it unfair that, having paid nearly all of what he'd borrowed before the due date and the balance very shortly after it, he should be charged interest on the full amount. That is however what the account terms provide for. That's in line too with

how other credit card providers charge interest; purchases are generally interest-free only if the full balance on the account is cleared by the due date on the statement. Otherwise, interest is charged from the date of the transaction.

I'm satisfied therefore that Vanquis has charged interest in line with the account terms and hasn't therefore treated Mr M unfairly.

My final decision

My final decision is that I don't require Vanquis Bank Limited to do anything further to resolve Mr M's complaint. Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 21 October 2020.

Mike Ingram

Ombudsman