

## The complaint

Miss W complained that Vanquis Bank Limited was charging her much more than she expected to pay, for her monthly minimum payment.

## What happened

Miss W said that her March 2020 card statement showed a balance of £80.58, but the statement was asking for a payment of £48.91. That was made up of a minimum payment she said was too large. Miss W said that was more than half of the balance.

Miss W told us she spoke to Vanquis, and it said that the minimum payment would either be £10.00 or 3% of the balance. So she paid £20.00. But she said Vanquis was contacting her every couple of days asking for the additional £28.91.

Miss W then got another statement, which she said asked for a minimum payment which was also much more than she was expecting to pay, and a missed payment from the previous month, when Miss W said she hadn't missed that payment. Miss W thought this was all happening because of mistakes that Vanquis had made.

Miss W said Vanquis was being unfair by saying she had missed or made a late payment. And she was worried this could affect her credit file if Vanquis decided to register this as a late or missed payment. She told us that her payments had been in line with the information Vanquis gave her. She then showed us that Vanquis had recorded two missed payments on her credit file, for April and May.

I think it's worth setting out here what Miss W paid, and when.

*18 Feb statement - requested min payment £112.33 by 16 March*

*payments shown on following statement -*

*£113 on 4 March*

*£1,920 on 17 March*

*18 March statement - requested min payment £48.91 by 13 April*

*payment shown on following statement -*

*£20 on 13 April (late payment charge applied)*

*19 April statement - requested missed payment from previous statement, £28.91 due immediately, plus min payment £19.55 by 14 May.*

*payment shown on following statement -*

*£10 on 8 May (late payment charge applied)*

*18 May statement - requested missed payment from previous statement, £38.46 due immediately, plus min payment £25.95 by 12 June.*

*payment shown on following statement -  
£65 on 8 June (two late payment charges refunded)*

Vanquis said it hadn't made a mistake. It said that Miss W's minimum payment was calculated in one of two ways – it would either be £10, or 3% of her balance, plus interest, charges and fees.

Vanquis said it had applied the large payment that Miss W made on 17 March to her previous, February statement. So when it issued her March statement, she owed just under £50 in interest (accrued on the much higher balance from the month before) and 3% of her remaining balance, which was £80.58. It said her minimum payment of £48.91 was correct.

Vanquis had recorded late payments on Miss W's credit file because she hadn't paid in line with its requests. It wouldn't change that, but it had refunded two late payment charges of £12 as a gesture of goodwill.

Our investigator didn't think this complaint should be upheld. She thought Vanquis had charged Miss W in line with the terms of her account, and it had notified her of the payments she needed to make. She didn't think Vanquis had done anything wrong, and she didn't think it needed to remove the late payment markers now.

Miss W didn't agree. Her reply shows that she considers the large payment she made in late March should've been part of the payment due by 13 April, not the one due by 16 March. So she said, looking at it like that, she'd never missed a payment.

Our investigator still didn't think this complaint should be upheld. Miss W didn't agree, she said she had made payments, although for less than requested. She wanted her complaint to be considered by an ombudsman, so it was passed to me 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.

I've reached the same overall conclusion on this complaint as our investigator.

Miss W's balance for her January and February statements was a little under £2,000. She was paying around £50 in interest per month. Interest is actually added on to the account the month after it's incurred. So where, as here, she had a larger balance in February, and made a very large payment to clear most of that balance, she would still have to pay about £50 in interest the next month. That's interest on the balance she had the month before, which she has now mostly paid off.

I know it's unfortunate that Miss W's payment (which she wasn't relying on at all to cover the minimum payment due by 16 March) was credited towards that payment period, not the next payment period. I note that this payment was made directly on to Miss W's card by a third party, so she may not have been entirely in control of when this payment was made. I'll come back to this payment in a moment.

The way in which Miss W's payments for February were applied did leave a very large minimum payment showing on Miss W's statement issued 18 March. And Miss W didn't expect that. She said she asked Vanquis what the minimum payment should be, and it said either £10, or 3% of the previous statement balance, whichever is the larger. Miss W had been asked to pay over half of the previous statement balance.

But this isn't quite what Vanquis has said about how it works out a minimum payment. It says that it will charge the larger of either £10, or 3% of the balance, plus interest, fees and charges. And it's the interest, on top of the 3%, that's the reason Miss W was asked for so much more money on her March statement than she was expecting.

So I asked Miss W to show us what Vanquis had said to her at the time. She's now sent us the text she received then, and I can see that this also says she needs to pay the larger of either £10, or 3% of the balance, plus interest, fees and charges. So I think that Vanquis had explained to Miss W how much it was expecting her to pay. And her statement for March 2020 showed she owed just under £45 in purchase interest and a little less than £5 in cash interest. I think that explains the minimum payment she was asked to pay in March 2020.

Miss W said, when she made this complaint, that Vanquis was only supposed to charge 3%, and it charged a lot more than this. But I think that Vanquis had explained to Miss W how it would work out her minimum payment. and Miss W hadn't paid that. So I don't think Vanquis made a mistake about how much Miss W ought to pay in March, and I don't think her complaint on this point ought to be upheld.

Miss W then didn't pay the full minimum payment in April, or make up for the missed payment in the previous month. She was asked to make an immediate payment of £28.91, which she'd missed from the previous month, and a minimum payment of £19.55. She paid £10.

But Vanquis had already said it would ask for 3% of the balance, plus interest, fees and charges. I can see on that statement £2.68 of purchase interest, £0.07 of cash interest, and £12 in charges. So, again, I think that explains why this minimum payment was higher than Miss W was expecting. So I don't think Vanquis made a mistake about how much Miss W ought to pay in April either, and I don't think her complaint on this point ought to be upheld.

Miss W also said that she'd made a large payment on 17 March, the day after her payment for her February statement was due. More recently, she's suggested that this payment should've been counted as her March payment. But I think it was clear from the statements she was sent that this isn't how Vanquis had applied this payment. And I don't think it's unreasonable for Vanquis in this case to have applied this payment to Miss W's February statement, not her March statement. I note in particular that she doesn't seem to have complained to Vanquis about this at the time. I don't think Miss W's complaint on this point ought to be upheld.

When Miss W doesn't pay all of the minimum payment requested on her statement, Vanquis may put a negative mark on her credit file for that month. So I don't think it has to remove any late payment markers which appear on her credit file for her March and April payments. I know Miss W will be disappointed, but I don't think Vanquis has done anything wrong here. And I don't think her complaint should be upheld.

**My final decision**

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss W to accept or reject my decision before 17 December 2020.

Esther Absalom-Gough

**Ombudsman**