

The complaint

Mr O has complained Vanquis Bank Limited charged him for a cash machine withdrawal when he didn't get the cash. This resulted in Mr O being charged late payment and over-limit fees and this eventually led to a default on his credit record.

What happened

In March 2018 Mr O used his Vanquis credit card to withdraw £300 from a cash machine. He didn't get the money. Mr O contacted Vanquis Bank. They initiated a chargeback under the card scheme rules and credited money back to Mr O's credit card account. They confirmed to Mr O that he shouldn't withdraw or use the £300 credit as they may be obliged to debit him again.

Vanquis later believed they'd got sufficient evidence under the chargeback rules to show the money had been dispensed from the cash machine. They re-debited Mr O's account in August 2018.

Over the next few months Mr O found himself in increasing financial difficulties. Vanquis set up a number of different six-month payment arrangements but Mr O was never able to make any payment. Vanquis subsequently defaulted Mr O's account on 29 March 2019.

Mr O brought his complaint to the ombudsman service. He felt the dispute over £300 started all this off. He wanted the default and related charges to also be removed.

Our investigator reviewed the evidence. She believed Vanquis hadn't been able to provide us with enough evidence to demonstrate for sure that money had been dispensed from the cash machine. However she didn't believe the subsequent charges and defaults were all related to this aspect. She asked Vanquis to re-credit £300 to Mr O's account and provide him with £100 compensation for the trouble caused.

Vanquis accepted this outcome. Mr O didn't. He pointed out another investigator had believed the default should be removed. He's asked an ombudsman to consider his 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.

Having done so, I've reached the same conclusion as our investigator and for roughly similar reasons. I'll explain why.

Where there is a dispute about what happened, I have based my decision on the balance of probabilities. In other words, on what I consider is most likely to have happened in the light of the evidence.

When considering what is fair and reasonable, I'm required to take into account: relevant law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to have been good industry practice at the relevant time.

I'm not going to cover all the points raised in the views in detail. The views of 9 July and 28 August 2020 explain the regulations which guide how we review these cases, as well as covering further detail about what happened and when.

No discourtesy is intended by me not covering all issues. Instead, I've focussed on what I think are the key matters here and which impact the decision I'm making. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts. I will, of course, refer to those issues which have an impact on the outcome of this complaint.

Cash machine dispute

I agree with the outcome our investigator reached. I appreciate our requirements to see as much evidence as possible to show the money was dispensed can cause issues. Particularly as Vanquis will have worked to the requirements under the card scheme chargeback rules and believed these had been satisfied. However taking into account, Mr O's evidence why he needed this money and his subsequent withdrawal of the same amount, I believe this does suggest the cash wasn't dispensed initially.

Vanquis has accepted our view on this in an email to us on 21 September 2020.

Charges and default

Mr O's argument is that the charges added to his account after the £300 disputed transaction caused his later issues with repayment. This meant various charges – late payment and over-limit fees – were added to his account. As Mr O had increasing financial difficulties he was unable to make further repayments. This was despite Vanquis and him discussing different payment arrangements to minimise the financial impact on him.

Firstly I've checked Mr O's credit limit. Mr O has told us his credit limit was £1,000. I've reviewed his statements and don't believe this was the case. From the opening of Mr O's account in 2014 until the statement dated 11 February 2018, his credit limit was £150. After that date Mr O's credit limit was increased to £550 and this is confirmed on his statement dated 11 March 2018.

That statement shows Mr O had not made a payment towards the previous month's statement. He had £280.78 available to spend. Vanquis refunded a late payment charge and Mr O credited £20 to his account on 13 March 2018. However I believe it's clear that along with the £300 withdrawal on 15 March and online transactions done the same day, Mr O's account went over limit. The statement of 10 April shows £300 being debited and then re-credited. But Mr O's account stood at £577.44 so I believe Mr O was already over his limit.

Payments were made towards Mr O's credit card account on 13 and 26 March. But then no further payments were made until 11 June 2018. It seems to me that Mr O's financial difficulties had already started and it wasn't just £300 being re-debited in August 2018 which caused his problems.

I've reviewed all the contacts between Vanquis and Mr O when he started discussing alternative payment arrangements with them. I can see three different arrangements were set up but Mr O was unable to make any payment. Vanquis had sent Mr O a notice of their

intention to default on 16 November 2018. A default was added to Mr O's credit record on 29 March 2019.

I note Mr O's evidence that he'd been turned down for jobs because of his credit record. I can see from the evidence he provided he may not have got jobs he'd applied for but there's nothing to show this was only down to his credit record.

Overall having considered the evidence, I don't believe Mr O's default and payment problems can be traced back to the transaction for withdrawing £300.

I am, therefore, asking Vanquis to sort out what they agreed in September 2020 as I believe that is a fair and reasonable resolution.

My final decision

For the reasons I've given, my final decision is to instruct Vanquis Bank Limited to:

- Credit £300 to Mr O's credit card account for the disputed cash machine transaction;
- Rework Mr O's credit card account as if that transaction had never taken place after it was re-debited in August 2018;
- Refund any charges and fees associated with this transaction; and
- Pay £100 to Mr O for the trouble caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 3 March 2021.

Sandra Quinn
Ombudsman