

The complaint

Mr C has complained about the way Vanquis Bank Limited dealt with a fraudulent account that was opened in his name.

What happened

In March 2019, a Vanquis credit card was fraudulently opened in Mr C's name. Mr C discovered this and reported it to Vanquis.

Vanquis asked Mr C to send them a form so they could start an investigation. Mr C was working abroad at the time, in a remote location. He says he was told on the phone that Vanquis would only accept the form by post. That meant he had to travel to the nearest city and stay overnight in order to post the form back internationally. It later turned out they would've accepted it by email.

It took some time for the form to arrive, which delayed the fraud investigation. Vanquis closed the account and amended Mr C's credit file in July 2019.

Mr C complained about having to send the form by post, as well as other issues such as the time he spent dealing with Vanquis, the length of their investigation, his international call costs, and the effect on his credit file.

Vanquis offered Mr C £275 compensation in total. Our investigator looked into things independently and felt £750 compensation was fairer. Mr C disagreed, as he felt £2,000 was more reasonable.

The complaint has been passed to me to decide.

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.

Firstly, I will say that I understand Mr C has been the victim of a crime here, and so he has my sympathy. I can imagine that the fraudsters have caused him a good deal of distress, and this will have been even more difficult to deal with while abroad.

Vanquis say they can't find the recordings of Mr C's calls, so they can't be sure what they told him about returning the form. Here, Mr C's testimony has been consistent and plausible, he tried to get the relevant recordings to back up what he said, and it seems unlikely he'd have gone to the trouble of sending the form by post if he knew he didn't have to. So I think it's most likely that Vanquis did mis-advise him.

I've thought very carefully about how Vanquis should put things right. When a business gets something wrong, we often tell them to pay compensation, to acknowledge their error and the impact that it had.

I've taken into account that Mr C felt he had to travel quite some way to the nearest postal facility, including an overnight stay and the costs involved. I've also taken into account the call costs he gave us, the delay in sorting things out, his credit file being negatively affected in the meantime, and the general stress involved. Of course, I've also taken into account the time that Mr C had to spend dealing with this situation. Though I've not based the amount of compensation on his hourly rate as I don't consider one person's time to be intrinsically worth more or less than another's. So while I understand where Mr C is coming from, I've considered that point on a more holistic basis.

When it comes to the amount of compensation I'd award, it's worth bearing in mind that the actions of the fraudster, rather than Vanquis, will have been responsible for a significant part of Mr C's distress and inconvenience. Further, it was always going to take some time to resolve the situation, and it takes time for a credit file to update in any case. It's also worth bearing in mind that we're here to resolve complaints informally, and not to issue large fines or punish businesses.

We have guidelines about what levels of compensation to award, and we need to be consistent. Taking everything into account, I agree with our investigator that £750 is a fair total amount of compensation to put things right here.

Putting things right

I direct Vanquis Bank Limited to pay Mr C £750 compensation in total.

My final decision

For the reasons I've explained, I agree with our investigator that Vanquis Bank Limited should pay Mr C £750 compensation in total.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 27 April 2021.

Adam Charles
Ombudsman