

The complaint

Mrs W is unhappy that Vanquis Bank Limited declined her overseas credit card transaction. She thought they'd used the wrong exchange rate to calculate the amount.

What happened

Mrs W attempted to use her Vanquis credit card to pay an overseas hotel bill, but the payment was declined. So, she used her debit card, provided by another bank, to make the payment instead.

Mrs W called Vanquis, following her payment attempt. She wanted to understand why it had been declined. Vanquis said that the amount that had been requested was £2,600.98. But there was only £2,350 available within her account limit.

Mrs W said that the amount was wrong. Due to the credit card payment being declined, she had to use a debit card from another bank to complete the transaction. The amount taken using the debit card was £2,171. Mrs W thought that Vanquis had used the wrong exchange rate here. She believed that if they'd used the correct rate, the payment would have been authorised.

Mrs W also explained that she had previously experienced problems with her Vanquis credit card in other countries. She didn't think that her Vanquis credit card was fit for purpose. So, she raised a complaint with Vanquis asking them to investigate why the wrong amount had been processed and declined.

Vanquis responded to Mrs W's complaint in a letter. They said that they were satisfied that no errors had been made. They said that they couldn't find any evidence that there was an issue with Mrs W's account or card other than there being insufficient funds available.

Mrs W was unhappy with their response. She didn't think that they'd recognised the problems here. She said that they'd used the wrong exchange rate and didn't believe that they'd fully investigated the issue. Vanquis agreed to look into Mrs W's complaint further.

Vanquis wrote to Mrs W again to explain their findings. They said that the amount to be authorised of £2,600.98 hadn't been set by them. So, they didn't think that they'd made an error when the local currency amount had been converted to £GBP.

Mrs W wasn't happy with their response. So, she referred her complaint to this service. She also said that one of Vanquis' employees had been rude to her during a call. One of our investigators looked into Mrs W's complaint. He didn't think that Vanquis were at fault for the payment amount and decline. But he did think that Vanquis should pay compensation to Mrs W of £100 to reflect the poor customer service she'd received from them.

Neither Mrs W or Vanquis were happy with our investigator's view here. Both parties have asked for the complaint to be referred to an ombudsman for a final decision.

I reached a different outcome to that of our investigator. Because of that, I issued a provisional decision on 1 June 2021 – giving both Mrs W and Vanquis the opportunity to respond to my findings below, before I reached a final decision.

In my provisional decision, I said:

I think it's important to understand how credit card transactions are processed by recognising the various parties and their role within that process.

A credit card transaction will normally involve five different parties:

- The customer – This is the cardholder who presents their card to make a payment – Mrs W here.
- The merchant – The party receiving the payment. In this case, the hotel.
- The merchant acquirer – The organisation that provides the card acceptance facilities to the merchant.
- The credit card processor – The scheme provider to which the card is affiliated.
- The bank – The provider of the credit card account and any credit facility. In this case, Vanquis.

Mrs W attempted to use her Vanquis Credit Card to pay a hotel bill outside of the UK. Mrs W said that the Hotel staff input the amount into the terminal provided by their merchant acquirer. She also said that the amount keyed in to the credit card terminal was in local currency. The merchant acquirer then processed the transaction. This would result in an electronic request being sent to the credit card processor.

Vanquis' website provides an explanation of how credit card purchases abroad are made. This confirms that they "will charge a fee of 2.99% of the amount of any non-sterling transaction". This is referred to in the credit card agreement as "Foreign Transaction Fee".

It goes on to say that "The exchange rate on which this Non-Sterling Transaction Fee will be calculated is set by" the credit card processor "and will be the exchange rate on the date the transaction is processed which may be different from the date of the actual transaction". So, it's important to distinguish here that the conversion from local currency to £GBP is not made by Vanquis. It's made by the credit card processor.

Once the credit card processor has converted the currency amount, the payment is referred to the Bank – Vanquis in this case – who then authorise the £GBP amount to be paid. Vanquis' role is to administer the credit card account and provide and maintain the credit limit. They will authorise payments made by the card within the limit that they've agreed.

Mrs W is unhappy as she believes that the exchange rate used to convert the currency amount was wrong. But as this wasn't set by Vanquis, I can't reasonably hold them responsible for this. This wasn't within their control.

Vanquis have investigated Mrs W's complaint. They have confirmed that there is no apparent reason for the transaction to be declined other than payment would have resulted in her credit limit being exceeded.

However, I also fully appreciate and understand Mrs W's frustration here. Particularly as she successfully completed the transaction using a debit card provided by another bank and for a lesser amount. No information has been provided about the debit card and the card processor used for that transaction. In any event, the debit card transaction and the associated bank aren't the subject of this complaint.

So, I have to consider whether the decline of the credit card transaction resulted from something that Vanquis did wrong. They've provided evidence from their files which shows that the transaction amount presented to them for authorisation was £2,600.98. I can also see that there were insufficient funds available within Mrs W's credit limit to support this amount. So, I can't reasonably say that Vanquis were at

fault for declining the transaction. I don't believe that any other information would have been available to them, at the time, to suggest that there was a problem.

Mrs W also said that on one occasion when she spoke to Vanquis, one of their employees was rude and appeared disinterested. I asked that Mrs W provided details of the times when she spoke to Vanquis. She has provided this service with the dates and times of four calls.

Vanquis have provided recordings of the calls referred to by Mrs W and I've listened to each one. I realise that Mrs W will be disappointed, but I can't find any suggestion, within the call recordings, that any employee of Vanquis acted in a rude or disinterested way. The recordings suggest that on each occasion, Vanquis were trying to help Mrs W in the best way they could. So, I disagree with our investigator here. The recordings I've heard don't lead me to conclude that any Vanquis employee had been rude or acted in a disinterested way. So, I can't reasonably award any compensation to Mrs W for this aspect of her complaint. If further evidence is provided before I reach a final decision, then I can reconsider this aspect.

I do understand that Mrs W will be disappointed but, having fully considered the circumstances relating to Mrs W's complaint, I can't see that Vanquis have done something wrong. So, I don't intend to ask them to do anything more here.

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.

In my provisional decision, I asked both parties to respond with any new information or comments they wanted me to consider.

Vanquis haven't provided any additional information or evidence.

Mrs W did respond and made various additional points. She believes that Vanquis should be held accountable for any mistakes made by providers that assist them in providing their service. Mrs W also believes that there was an error with the amount presented for payment to Vanquis. She does not accept that Vanquis can only be held responsible for their own charges and they should be responsible for all charges and conversions.

I do understand Mrs W's point of view here, but I'm unable to agree with her. Vanquis' credit card agreement is quite clear in stating that they don't set the exchange rate for a currency transaction. For a transaction of this type, Vanquis were not responsible for the exchange rate used – it isn't something they had control over. Their role is to provide the credit card, with a credit limit and administer Mrs W's account with them.

Mrs W also points out that she has never seen any evidence of the exchange rate that was used for the attempted transaction. The credit card processor normally states that the rates they publish (usually on their website) in advance of a transaction posting to a cardholder's statement are indicative, since the rates they use for conversion correspond to the date and time *they* process the transaction, as opposed to the actual transaction date. As the transaction wasn't completed, this rate wasn't made available to Vanquis and, therefore, Mrs W.

Mrs W has raised a question about the contractual relationship between Vanquis and the credit card processor. This isn't a matter that I'm able to explore. It isn't the role of this service to review or comment upon any contractual relationship that Vanquis might have with a third party. But it is our role to examine and decide whether Vanquis has been fair and reasonable in the manner in which its policies and procedures are applied in the individual circumstances of Mrs W.

I believe that Vanquis have shown me that they acted correctly and fairly here. In this instance, it wouldn't be fair for me to say that they need to do anything to put things right. The payment wasn't completed so, ultimately there has been no financial loss here.

Mrs W did make a final point that she has provided this service with full details of the transaction that was ultimately completed using her debit card with another bank. I would like to thank her for that information. But, as I mentioned in my provisional decision, the debit card transaction and the associated bank aren't the subject of this complaint. So, it wouldn't be fair to make a comparison.

Taking all of this into account, I haven't received anything new to persuade me to change my mind here. So, my decision here hasn't changed.

My final decision

For the reasons set out above, I don't uphold Mrs W's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs W to accept or reject my decision before 29 July 2021.

Dave Morgan
Ombudsman