

The complaint

Mr V complains that Vanquis Bank Limited made a mistake recording his address; unfairly suspended and then closed his account; and recorded adverse information on his credit file. He says he hasn't been treated fairly and he should be paid compensation and have his credit file amended.

What happened

Mr V applied for a Vanquis credit card and contacted Vanquis when it hadn't arrived. It was found that his address wasn't correct as the flat number hadn't been included. Mr V located the card in the communal area of his building but not the PIN. He was told he would need to write to Vanquis with proof of his address. Mr V raised a complaint as he was happy to send information by email but didn't see why he had to post the information after making an online application. Mr V says he hadn't heard back about this but was then contacted by Vanquis to say it would be closing his account due to information it had received. He says Vanquis wouldn't tell him what information had been provided and when he contacted the party the information had been said to come from it said it only had information about Vanquis making request of it not the other way around.

Mr V says he suffers from mental health conditions and this issue has caused him distress and inconvenience. He wants to be paid £500 because of this as well as having his credit record cleared and Vanquis to remove all his data from its systems.

Vanquis issued a final response letter dated 2 October 2020 not upholding Mr V's complaint. It said that it received information that meant Mr V's account was suspended and he was sent a letter that explained that he had 60 days to contact the third party if he thought the information was incorrect. It said that while there was a block on the account, online access wasn't available and provided information about how to make payments. Regarding Mr V's address it said that the application didn't include the flat number and that when an address change request is made shortly after an account is opened it required proof of the address as part of its security checks. Vanquis noted Mr V's account was in arrears at that time.

Following the final response letter and Mr V providing further information, Vanquis said Mr V's account had been closed in error. However, it said that it had recorded correct information with the credit reference agencies as Mr V hadn't made any payments towards his account.

Mr V didn't think Vanquis had done enough to resolve his complaint and didn't think he had been treated fairly so he referred it to this service.

Our investigator partially upheld this complaint. They didn't think that Vanquis had made an error recording Mr V's address and didn't think it was unreasonable that it asked for proof of address to be sent in order to update this. They also didn't think that Vanquis had recorded the default incorrectly or done anything wrong by passing Mr V's account to a third party. However, they accepted that Mr V hadn't received the statement in September and so thought the late payment charge applied at that time should be removed.

Our investigator said that Vanquis had admitted the account had been closed in error, but they thought given the comments Mr V had made that he would likely have closed the account in due course. Therefore, they didn't require any further action regarding the account but said Mr V should be paid £100 compensation for the distress and inconvenience he was caused by being told incorrectly by Vanquis that it had received negative information about him.

Mr V didn't agree with our investigator's view. He said that it wasn't possible for him to choose the building address as part of his application and he would have had to choose the flat number. He said that he was rightly upset by Vanquis' treatment of him, but it wasn't right to conclude that he would have ended the relationship anyway and he thought Vanquis should have at least asked him about this but instead it decided to close his account.

Regarding the default he said that as Vanquis hadn't treated him fairly and he was trying to resolve this issue his only leverage was his payment, so he was withholding this. He also didn't agree that £100 was a reasonable outcome to the issues he had experienced.

Mr V said that Vanquis should recall the account and he would pay the original balance of £99 at which point his account should be settled. He then wanted his credit file amended with the default removed and a written apology and £500 compensation.

My provisional conclusions

I issued a provisional decision on this complaint. I concluded in summary:

- The address recorded on Vanquis' system had the building address where Mr V was living but not his flat number. It wasn't clear why the flat number wasn't included. Vanquis had explained the account was opened online and so the information input by Mr V would have been automatically transferred. However, Mr V provided screenshots showing he would have needed to choose a flat number.
- Mr V contacted Vanquis when he hadn't received his account card and the issue with the address was identified. Mr V then located his card in the communal area of his building. Mr V was told how the address could be amended but he wasn't prepared to send the required information by post. I understood why Mr V was annoyed at the process and that this would have caused him some inconvenience, but I didn't think the request by Vanquis was unreasonable. Had Mr V sent the required information this could have resolved the issue and so I didn't think that Vanquis was required to pay compensation for this issue.
- Mr V was then told that his account was suspended and would be closed following information Vanquis received. Further investigation showed that the account was suspended in error.
- Had the mistake not been made, Mr V wouldn't have had his account suspended when he did and closed. I noted our investigator's comments that they thought Mr V would have ended the relationship with Vanquis anyway and that on the call Mr V said he wanted his application cancelled. However, this was when he was angry at being asked to post documents and he did then use the card. So, I don't think I could say that he would have ended the relationship had this issue not arisen.
- Due to the issues and how long they had been ongoing I thought the relationship had broken down. Vanquis has the right to decide who it provides credit to and I noted that Mr V's account has been transferred to a third party. I understood that Mr V

wanted his account recalled but I didn't find that this was required or that Vanquis was required to reinstate Mr V's account.

- The incorrect account suspension had a significant impact on Mr V. He explained his work and that any suggestion of fraud could have a major detrimental impact. While it had been confirmed there wasn't any adverse information being held I thought the initial suggestion would have caused significant upset. I also noted that Mr V then had to spend time doing a subject access request to identify what information may have been held on him. Therefore, I upheld this part of Mr V's complaint and said he should be paid £250 because of the upset and inconvenience caused.
- Mr V was concerned about the charges applied to his account and the adverse information that had been added to his credit file. I listened to the call on which Mr V complained about the September missed payment. He explained that he hadn't received the statement and that he couldn't access his account as Vanquis had blocked it. Given the outstanding issues on Mr V's account at that time I understood why he was annoyed that he was charged for a missed payment. Given his account had been incorrectly blocked, I thought that the late payment charge for September should be removed from Mr V's account and any marker applied for this payment removed from his credit file.
- Going forward, Mr V didn't make his payments which resulted in further adverse information being recorded. Mr V had been told how to deal with the issue of his address amendment and in the letter dated 2 October 2020 he was told how he could make payments. Although Mr V was in dispute with Vanquis, it was his responsibility to make his payments. He didn't do this and so I didn't find I could say Vanquis did anything wrong by applying charges in line with its terms and conditions and recording the status of the account with the credit reference agencies.
- Mr V's account was transferred to a third party. Vanquis has the right to do this and I didn't find in this case Mr V had been treated unfairly because of this.

Overall, I agreed that Mr V hadn't received the service he should have. I said he should be paid £250 along with having the late payment charge from September 2020 removed. I didn't require Vanquis to amend Mr V's credit file aside from the removal of the marker from September 2020.

Vanquis accepted my provisional decision. Mr V didn't. He said that had Vanquis not made mistakes none of the subsequent issues would have arisen. He reiterated that he believed the initial issue with the address was due to a Vanquis error.

Mr V requested that the £250 compensation be used to settle his account (now with the third party) and the remainder paid to him. He also asked that once this had happened Vanquis action his request to erase all personal and sensitive data it holds about him.

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.

Mr V raised several issues about the service he received from Vanquis and the impact this had on him. I appreciate him explaining his mental health conditions and I can understand how the stress caused by the issues in this complaint have caused him distress as well as inconvenience. I also note Mr V's comments about his work and the impact that any accusation of fraud would have on this. However, as I set out in my provisional decision, in

order to uphold the different parts of this complaint I would need to be satisfied that Vanquis has done something wrong.

In this case, while I note Mr V's comments about the issue with the address, I have also taken into consideration the information provided by Vanquis. I listened to the call on which Mr V was told how the issue could be resolved and I don't think this was an unreasonable request. Because of this I do not find that Vanquis is required to pay compensation for this.

Mr V's account was suspended in error and the information provided about this caused him significant distress, not least because of the potential impact on his work. He was also caused inconvenience because he needed to establish what, if any, information was being held on him. Because of this I think compensation is required and in this case I think £250 is reasonable. Vanquis has accepted this.

Regarding the information on Mr V's credit file, as I explained in my provisional decision, I think the charge from September 2020 should be removed. However, as Mr V was then provided with the information he needed about making payments but chose not to do this, I do not find I can say that Vanquis was wrong to apply charges in line with its terms and to record the status of the account with the credit reference agencies.

Overall, while I note Mr V doesn't agree with my provisional decision, as no new information has been provided that changes my position, my conclusions remain that Mr V should be paid £250 compensation and have the September 2020 charge removed from his account and credit file.

Mr V asked for the compensation to be used to settle his debt which is now with a third party. We have contacted Vanquis about this and it has said that it can contact the third party and make the payment with any remaining amount going to Mr V but that this will take longer than processing the payment for Mr V and him then making the payment to the third party.

Mr V also asked that once the remedies in this decision have been completed, that Vanquis remove any personal and sensitive data it holds on him. Vanquis has explained that it has obligations which mean it needs to retain certain information. Therefore, I find that Mr V should discuss this issue directly with Vanquis.

Putting things right

Vanquis Bank Limited should refund Mr V the late payment charge from September 2020 and remove this from his credit file. It should also pay Mr V £250 compensation for the upset caused by his account being suspended and closed in error. It should confirm with Mr V whether he wishes the payment to be made directly to him or if he still wishes to have the payment made to the third party to settle his balance and any remaining amount paid to him.

My final decision

My final decision is that I uphold this complaint. Vanquis Bank Limited should take the actions set out above in resolution of this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr V to accept or reject my decision before 7 December 2021.

Jane Archer
Ombudsman