

The complaint

Mr W complains that Vanquis Bank Limited made an error which led to adverse information being recorded on his credit file.

What happened

Mr W says that he last used his Vanquis credit card in October 2021, and he paid the balance off in November. As far as he was aware there was a balance of £0, however, in January, he logged into their application (app) and saw that Vanquis had added £1.65 interest from cash withdrawals in October, so he made a payment on 9 January 2022. Mr W paid another £1.65 the following day as the app said he still needed to make a payment.

Mr W made a complaint to Vanquis. He said he never received a message/letter/email stating there was a minimum payment due and it took Vanquis two and a half months to add interest onto the account from October. He asked them to remove the missed payment from his credit report as he believes this was due to a technical problem.

Vanquis partially upheld Mr W's complaint. They said Mr W's November statement stated the outstanding balance was the cash interest of £1.65 and this payment was due on 9 December 2021. But they never received a payment, therefore a missed payment was reported on his credit file. On 6 January 2022, another payment was missed on his due date.

Vanquis noted that Mr W paid twice on 9-10 January 2022, but they said it could take two working days to be applied to his account. Vanquis said they were sorry the app didn't display any amount due, and they weren't aware of an issue like this. But they said his statements did state the full balance and when a payment was due. Vanquis explained they had a legal obligation to provide regular updates to the credit reference agencies (CRA's), with how their customers manage their account. Mr W brought his complaint to our service.

Our investigator did not uphold Mr W's complaint. He said that Vanquis had sent a text message to Mr W's mobile phone on 4 December 2021, to remind him he had an outstanding balance of £1.65 and this needed to be paid by 9 December. As Mr W did not make the payment then Vanquis registered the accurate payment status to the CRA's.

Mr W asked for an Ombudsman to review his complaint. He said that since having an account with Vanquis he has never received any communication. He said he never signed a contract to say it was a self-managed account. He said he realises that he had to make payments on time, but he wasn't told that there was a payment to be made after he had paid the full amount off and he hadn't used the card since. He said the error was with Vanquis.

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 considered what Mr W has said about not signing a contract to say the credit card is a self-managed account. But while the credit agreement may not use this exact wording, the

essence of the credit card agreement is that he would manage the account in terms of his credit card use and repayments to the account. As Mr W has agreed he would be responsible to make the repayments on time, then I'm satisfied both parties are saying the same thing, even if they would use different terms to describe this.

In order to see if Vanquis have acted how they should have done, I've looked at the credit agreement online to see the wording of how they would charge interest, particularly cash interest. Section three of the credit agreement shows the "*costs of the credit*". It says the following:

"Interest is charged on transactions at the relevant interest rate(s) from the date any purchase, cash (including money transfers) and/or balance transfer transaction(s) or any other amount is debited to your account, until repayment in full. Interest is charged each day on the balance on your account at the end of the day and, except in respect of purchase transactions where you have paid off two or more consecutive current statement balances in full (not just the purchase balance) each month, is debited to your account at the end of each statement period. We will add the interest we charge to the outstanding balance on your account at the date of each statement. This means that you will generally pay interest on interest."

So I'm satisfied that Vanquis make it clear that interest would be charged on cash transactions from the date it is debited to his account. I'm also satisfied that interest is charged each day on the balance of Mr W's account at the end of the day and is debited to Mr W's account at the end of each statement period. This also shows they will add the interest they charge to the outstanding balance on his account at the date of each statement. So I've looked if Vanquis have done this. I'm persuaded they have and I'll explain why.

Mr W's November 2021 statement shows that he made cash transactions on 19, 22, 26 (twice) and 28 (twice) October 2021. From Mr W's November statement, which displays these transactions, I can see that Mr W made a payment of £225 which credited his account on 29 October which brought his outstanding balance to £0 and then he made a payment which credited his account on 30 October for £174.14 which brought his outstanding balance to £0. So I can understand why Mr W thought he had paid off the full amount of his statement.

But it appears that Mr W didn't account for the cash interest which would be added at the date of the statement. The transactions show that the cash interest was debited from his account on 14 November 2021, which was the date shown on his statement. So it was not two and a half months after the transactions that this was charged.

I'm satisfied that Vanquis showed on Mr W's statement that he did owe them £1.65. It would be Mr W's responsibility to check his statement. I've considered what he's said about not receiving a text or correspondence from Vanquis, but the evidence shows he was sent a text message from them on 4 December 2021 at 16:08. This message was sent five days prior to Mr W's payment due date.

The text message is sent to the same mobile number that Mr W provided to our service. The message read "*Your payment reminder for Vanquis account ending (last four digits of the account). At 23:59 on 03/12 your outstanding balance was £1.65 and available credit was £498.35. If not already paid, please pay at least £1.65 to reach us by 09/12/2021. Please remember you can make extra payments at any time, this could help you clear your balance quicker and pay less in interest.*"

So I'm satisfied that Vanquis made Mr W aware of the £1.65 outstanding balance by not only through his statement, but also through the text message they sent him. But as the payment

did not reach Vanquis by the payment due dates of 9 December and then 6 January (his following due date), then Vanquis would have a responsibility to report this to the CRA's.

Mr W has mentioned an error with Vanquis's app. But Vanquis have said they weren't aware of any error. What I'm persuaded has happened here is that when Mr W made the payment of £1.65 and he said this didn't show in the app, is because the payment does not show straight away and it can take days to reach his account. So as this wasn't showing by the following day, Mr W made another payment of £1.65. When both of these payments reached his account, this is why he was showing in credit. In the final response Vanquis sent Mr W, they confirmed that a payment through the app can take two working days to clear off his balance.

Mr W may wish to consider registering a "*notice of correction*" with the CRA's to explain what happened during the timeframe in question. This is a short explanatory note that he can add to an entry on his credit file, to explain the background to that entry. So anyone who searches his credit report would see the notice of correction and take the notice into account if they viewed his credit file. Mr W would need to contact the CRA's to do this. But as Vanquis have not made an error in how they applied the cash interest to the account, it follows I don't require Vanquis to do anything further.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 14 November 2022.

Gregory Sloanes
Ombudsman