

The complaint

Mr B complained because Vanquis Bank Limited refused to refund him for a transaction which he said he didn't make.

What happened

Mr B opened a credit card with Vanquis in November 2022. His new card was sent out, and activated using the mobile number recorded on the account. Mr B registered for the app using his phone on 7 December.

On 21 December there was a £1,107 payment to a technology retailer, with the payment authorised using the app on Mr B's registered phone.

On 23 December, Mr B rang Vanquis. He said he hadn't made this payment. Vanquis investigated, but it didn't agree. It wrote to Mr B on 15 February 2023 and said that the payment had been made by accessing the app on Mr B's phone. It said the transaction would have needed Mr B's credit card number, CVV (security number on the card), and Mr B's date of birth. And once the app was registered to Mr B's phone, it was protected by a five-digit passcode or face/fingerprint ID. So Vanquis said it couldn't see how a third party could have made the transaction.

Mr B didn't agree and complained. Vanquis issued its final response letter on 14 April. It still didn't uphold Mr B's complaint, for the same reasons as in its February letter.

Mr B wasn't satisfied and contacted this service. He complained that he hadn't authorised the payment and wanted a refund. He was also unhappy about how long his complaint to Vanquis had taken.

Our investigator didn't uphold Mr B's complaint. He pointed out that this online payment would have needed all the card details. Mr B had said he'd never shared his card details. Also, the transaction was authorised using the app on Mr B's phone, and he'd said the phone was in his possession at the time of the transaction. As no-one else knew the card details or could access Mr B's phone, it wasn't possible for an unknown third party to have carried out the transaction.

Mr B didn't accept this. He said he was a victim of fraud and it had caused him distress and frustration. He said he hadn't authorised the transaction. He said he'd contacted the technology retailer which had sent him an invoice for the disputed transaction which showed the purchase had been sent to a different address. Mr B said he believed Vanquis had compromised or exposed his details. He said that he believed the investigator's outcome was biased. Mr B asked for an ombudsman's decision.

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.

Who is liable for the payment?

There are regulations about disputed transactions, and the relevant regulations here are the Payment Services Regulations 2017. In general terms, the bank is liable if the customer didn't authorise the payments, and the customer is liable if they did authorise them.

Mr B said he didn't authorise the transaction, so I've looked at what the technical evidence shows.

This shows that the online payment was authenticated using Mr B's registered phone and his mobile app. I also note that the payment would have required Mr B's credit card number, CVV security number, and his date of birth. There was also a five digit passcode or face ID/fingerprint in order to access the app.

Mr B told us that he still had his phone; that he lived alone; and that he hadn't shared any of his card or other security details. So I don't see how anyone else could have carried out the transaction. Mr B says he thinks Vanquis compromised his account, but that's not credible when it was carried out using Mr B's phone.

Mr B says the retailer's invoice shows that the item purchased was posted to a different address from his. I'm not persuaded by this argument. It's easy to have an item posted to a different address, which could have been a friend or relative's address. I also think it's unlikely that the well-known retailer would have sent Mr B the invoice unless it had been a purchase by Mr B – it wouldn't have sent him someone else's purchase information.

I also note that Mr B's credit limit was £1,200. The disputed transaction was for £1,107. The computer records show that no further transactions were attempted. This indicates that whoever made the transaction knew that the transaction was close to the limit. If a third party fraudster had carried out the disputed transaction, it's likely they'd have continued to try to make transactions in order to maximise their gain.

So I consider it's more likely than not that Mr B carried out the disputed transaction himself, or allowed someone else to do so after letting them have access to his card, phone and security information. In either case, Mr B is liable for the transaction.

Vanquis' timescales about Mr B's complaint.

I've looked at the timescales in which Vanquis dealt with Mr B's complaint. When Mr B first raised his claim on 23 December, Vanquis sent a Declaration of Fraud and Forgery form to him. Mr B didn't return that. By 10 February, Vanquis decided to progress the claim anyway, without Mr B's declaration. It wrote to Mr B with the outcome on 15 February. Banks have eight weeks to provide a response, and Vanquis met this when it replied on 15 February.

Mr B complained again on 22 February about the outcome, and Vanquis responded to this on 14 April, which again was within the eight week timescale.

So I find that Vanquis responded to Mr B within the official timescales for it to respond to a complaint.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 14 August 2023.

Belinda Knight
Ombudsman