

## **The complaint**

Miss B complains about the way Vanquis Bank Limited applied interest and charges to her account. She's also unhappy that a block was placed on her account.

## **What happened**

Miss B complained to Vanquis about the fees and charges applied to her account. She says the way in which Vanquis applies these charges put her account over the credit limit despite it being under the credit limit prior to her statement date.

Vanquis didn't uphold the complaint. In its final response, it said all interest, fees and charges had been applied correctly. It said it could see that a block had been incorrectly applied to Miss B's account which stopped the facility of her card. It apologised and paid compensation of £50.

Miss B wasn't happy with the response and brought her complaint to this service.

Our investigator didn't uphold the complaint. He said that the statements said that if a consumer is close to their credit limit, they may need to make a further payment to ensure that they don't go over the limit. The investigator said that the fees and charges had been applied correctly. In relation to the block, the investigator said that £50 compensation was fair to acknowledge this error.

Miss B didn't agree so I've been asked to review the complaint.

## **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 reviewed the available statements for Miss B's account. I've also reviewed the annual statement which covers the period August 2022 – August 2023. The annual statement shows that two late payment charges and four overlimit fees were applied to Miss B's account.

I can see on the monthly statements that month Miss B has been charged purchase interest and cash interest. Purchase interest is charged on transactions made using the card. The only way to avoid being charged purchase interest is to pay off the full statement balance by the payment due date. Cash interest is charged daily for any cash or cheque transactions made. These transactions are charged at 3% of the cash value or £3, whichever is the greater. The only way to avoid being charged cash interest is to clear full amount of cash interest on the card.

Interest is applied monthly. Based on what I've seen, what's happened in Miss B's case is that her spending has been close to her credit limit, but the interest and charges applied have caused her to go over the limit. This has meant that a charge of £12 has been applied as an overlimit fee.

One of the ways to avoid this happening is to leave sufficient available credit to cover interest and charges. The statements show estimated interest for the following month to give an idea of how much interest will be applied to the account on the following statement. The statement has the following wording on it *"if you are close to your credit limit, you may need to make more than the minimum payment to prevent going over your limit"*.

I've reviewed the terms and conditions of the account. These provide for interest to be applied on the statement date, as well as the application of late payment and over limit fees.

Based on everything I've seen, I'm satisfied that the fees and charges have been correctly applied.

Turning to the block. Vanquis has acknowledged that it made an error here and has apologised and paid compensation of £50. I think this sum fairly reflects the impact of the error.

I appreciate that Miss B has raised further concerns about her account being blocked since her complaint was referred to this service. I understand that this is frustrating for Miss B, but she will need to raise this as a new complaint with Vanquis first and allow it to investigate and respond before this service can look into these post initial complaint matters.

### **My final decision**

My final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 11 April 2024.

Emma Davy  
**Ombudsman**