

The complaint

Mr L complains that Vanquis Bank Limited (“Vanquis”) failed to refund transactions he didn’t recognise.

What happened

Mr L is supported by a representative in this complaint. For ease of reading, I’ll only refer to Mr L.

In late 2023, Mr L noticed payments had been made using his Vanquis credit card to a merchant I’ll refer to as A.

Mr L didn’t use any of A’s services and contacted Vanquis about the unrecognised payments. It was found that transactions to A had been made regularly for a number of years.

Vanquis made a number of adjustments to Mr L’s account and asked Mr L to complete a declaration about the transactions. They arranged for them to be posted to Mr L. Mr L reported that he had never received the forms and spoke with Vanquis on several occasions. Vanquis re-sent the forms, but later said they never received them back from Mr L and closed the claim.

Mr L then lodged a complaint with Vanquis for their treatment of his dispute. He also raised the issue with our service. Vanquis were asked to investigate the complaint and after the appropriate time limit had run out, they were asked to provide evidence of their investigation.

Nothing was received from Vanquis, so the investigator issued their recommendations based on the information available to him – which was that provided by Mr L. Mr L said he was unhappy with how Vanquis had dealt with him, and further complained that the transactions continued to be taken from his account after reporting it to Vanquis. He said that Vanquis made it difficult to understand what had been refunded and what is outstanding. Mr L’s complex mental health condition has also been affected by Vanquis’s handling of the dispute.

It was recommended by the investigator that Vanquis refund all of the transactions to A, including any interest and charges associated with them. Vanquis were also asked to pay £200 to compensate Mr L for their poor level of service they provided to him. Mr L accepted the investigator’s recommendations.

Vanquis responded with a limited file of information and disagreed they’d delayed their investigation. They argued that Mr L hadn’t returned the declaration, so they couldn’t take his dispute further. They also said that they were only able to reclaim £24.93 using the Visa dispute system (Chargeback) because earlier transactions were out of time. Vanquis stated that they’d reapplied interest for those transactions they’d not been able to dispute.

They also stated they hadn’t been made aware of Mr L’s mental health condition so couldn’t put any other measures in place to support him. They didn’t believe they were further liable

for the losses reported by Mr L.

Vanquis were advised that they hadn't provided relevant evidence to support their case that Mr L was responsible for the transactions he'd disputed. Vanquis were again asked to provide the relevant evidence. Vanquis didn't provide any further evidence, but said they'd reviewed the case and accepted the investigator's outcome.

Given the confusing nature of the payments/refunds and a lack of evidence from Vanquis, they were asked to confirm the proposed refund including any interest/charges and the payment for compensation. Vanquis were advised that if they didn't respond within a suitable timescale, the complaint would be referred to an Ombudsman.

Vanquis didn't respond and Mr L was asked if he'd received any payment from Vanquis. He confirmed he hadn't, so the complaint has now been passed to me for a 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.

Given the different positions that Vanquis have taken here, I wanted to make my position clear about the payments disputed by Mr L. The relevant law surrounding authorisations are the Payment Service Regulations 2017 and the Consumer Credit Act 1974.

Unless Vanquis can show that consent has been given, it has no authority to make the payments or to debit Mr L's account and any such transaction must be regarded as unauthorised.

Vanquis have repeatedly failed to provide the necessary evidence to show how the payments were made. What that means here is that Vanquis can't show Mr L was responsible and for the purposes of his complaint, the transactions to A are considered unauthorised.

Whilst I acknowledge Vanquis's latest agreement to refund Mr L, they have again failed to do so within a reasonable time frame. The main principal here is that Vanquis are required to put Mr L back into the position he would have been if these transactions hadn't been made. I haven't been able to independently verify what they are because Vanquis haven't provided the necessary detail.

So, Vanquis are required to refund Mr L all of the transactions he disputed that were made to A, including any charges or interest. Vanquis will now need to rework the account and provide Mr L with a clear explanation of this and ensure that any reporting to the credit reference agencies is accurate.

Vanquis did provide evidence they were unaware of Mr L's additional needs prior to his complaint, but as they are now aware, I'd expect them to support Mr L if required. I don't think that Vanquis acted reasonably here when they failed to address the dispute and relied solely on the Visa dispute system. Vanquis are aware that the PSRs are also a relevant regulation concerning a claim that a customer didn't authorise a payment. There's little evidence to show they considered this.

I'm satisfied that Vanquis acted unreasonably and unfairly towards Mr L, prolonging the dispute. They caused Mr L unnecessary stress and inconvenience and I think the investigator's recommendation of a £200 payment is appropriate given the circumstances.

My final decision

My final decision is that I uphold this complaint against Vanquis Bank Limited. In order to settle it, they're instructed to:

- Provide Mr L with a clear explanation of the transactions he's disputed, and a complete accounting of the charges and interest refunded.
- Refund any remaining transactions made to A.
- Rework the account to ensure that any charges or interest associated with these payments are also refunded.
- Pay Mr L £200 for their handling of the dispute.
- Ensure that reporting to the credit reference agencies is accurate following the reworking of the account.

Vanquis must pay the compensation within 28 days of the date on which we tell it Mr L accepts my final decision. If it pays later than this it must also pay interest on the compensation from the deadline date for settlement to the date of payment at 8% a year simple.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 9 December 2024.

David Perry
Ombudsman