

The complaint

Mr E complains Vanquis Bank Limited (Vanquis) should have done more to help him recover a £50 administrative charge paid to an insurance broker.

What happened

On 27 December 2023, Mr E said he paid £50 with his credit card to an insurance broker (which I'll call "M") to update a vehicle registration number on his wife's car insurance policy.

Mr E said that instead of the registration being updated, M cancelled the policy on around 28 December 2023. This left Mr E feeling like he had been scammed. And as Mr E couldn't get his money back from M, he asked Vanquis for help recovering the £50 paid.

Vanquis raised a chargeback on Mr E's behalf and issued him with a £50 temporary refund to his credit card account on around 4 January 2024 while the claim was investigated.

M defended the chargeback. It agreed there was a policy change that incurred a £50 admin fee. It also said the policy was cancelled and there was an outstanding debt to pay. I understand the implication here was that the policy change and cancellation were two separate events. Vanquis didn't think it could reasonably take the chargeback further, and the temporary refund was reversed on around 13 February 2024.

Mr E complained about the outcome. He told Vanquis he was protected under section 75 Consumer Credit Act 1974 (CCA). He felt there should be an available remedy and eventually referred his complaint to the Financial Ombudsman Service.

Our investigator didn't think Mr E's claim qualified under section 75 CCA, and he thought Vanquis handled the chargeback claim fairly. As Mr E disagreed, his complaint has come 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.

But at the outset, I think it's worth setting out what I will and won't consider in this decision.

Firstly, I understand Mr E believes M had refunded £50 to Vanquis that he feels Vanquis should return to him. Vanquis said it never received the £50. Whatever the case, I'm not considering this point here as it's a new complaint point that wasn't initially raised with Vanquis. I leave it to Mr E to raise this as a separate complaint if he so wishes.

Secondly, the Financial Ombudsman already dealt with Mr E's separate complaint about the poor service he received relating to a Data Subject Access Request (DSAR) he raised with Vanquis. The investigator for that complaint recommended Vanquis pay £200 compensation for the impact of that poor service, and both parties accepted. There is some overlap

between that and this complaint – but for clarity, I won't consider any service issues the Financial Ombudsman had already considered as part of that complaint.

However, as Mr E asked the Financial Ombudsman to review any service issues relating to the chargeback which it hadn't previously considered, and Vanquis appears to have agreed too – I will consider any additional service issues relating to the chargeback claim.

It's also worth mentioning that Vanquis isn't the supplier of insurance services. So in order to decide if it acted fairly, I need to consider its role as a provider of financial services only. As the insurance service was paid for with a credit card, I consider the card protections of chargeback and section 75 CCA to be particularly relevant to how Vanquis could have reasonably assisted Mr E. It's these I've focused on when determining what's fair.

Chargeback claim

When someone buys something with their credit card, and something goes wrong, the card issuer can sometimes help them obtain a refund by raising a chargeback on their behalf. There's no obligation for a card issuer to raise a chargeback for a customer – but I'd expect it to do so if a chargeback has reasonable prospects of succeeding.

The rules governing the chargeback process are set by the relevant card scheme – in this case, that would be Visa. These rules set out strict conditions that must be satisfied for a chargeback claim to be successful. I'd expect a card issuer like Vanquis to apply the scheme rules correctly and conduct the chargeback process fairly.

Visa will only consider certain types of disputes under its chargeback scheme – specifically, those that align with one of Visa's "dispute conditions". The scheme rules that apply depend on what "dispute condition" the chargeback is raised under.

It's unclear what dispute condition Vanquis relied on, but its response suggests it raised the chargeback under one of the conditions relating to fraud. I don't think that was unreasonable because Mr E had initially said he lost his card and described the £50 transaction as fraudulent and one that he didn't recognise. A chargeback is usually raised under these dispute conditions if a customer disputes authorising or participating in the transaction.

I don't think the chargeback had reasonable prospects of success after Vanquis received M's defence. I say that because M provided evidence showing Mr E was involved in the transaction, and that the payment was authorised with his personal details. So I don't think the chargeback was likely to succeed.

Mr E later accepted he did authorise the payment. He said he was specifically unhappy that M cancelled the policy instead of updating a car registration number on his wife's insurance policy. It's unclear whether Vanquis knew this at the time it raised the chargeback – but for completeness - I've considered whether a chargeback might have succeeded had Vanquis raised the chargeback under Visa's dispute condition relating to "Merchandise/Services Not Received". Given Mr E didn't think M had updated the policy but had instead cancelled it, it's the condition that most closely aligns with Mr E's situation.

M supplied a letter dated 27 December 2023 confirming the policy had been updated on this same date. It also said a £50 administrative fee was applied in line with its Terms of Business – available on M's website – for which I can see the cost for updating policy details after a policy's inception is £50. I haven't seen anything else to indicate Mr E hadn't received a service - for example, there's no recent policy document showing the original, unchanged vehicle registration number. As it appears Mr E probably received the service he paid for, I don't think a chargeback would likely succeed under this dispute condition either.

I don't think Mr E's particular dispute had reasonable prospects of success under the chargeback process, so I don't think Vanquis acted unfairly by discontinuing the chargeback.

Section 75 Consumer Credit Act

Under section 75 CCA, Mr E can hold Vanquis responsible for a "like claim" he would have against M for breach of contract or misrepresentation.

Certain criteria must be met for section 75 CCA to apply. For example, the relevant legislation says section 75 doesn't apply "to any single item to which the supplier has attached a cash price not exceeding £100 or more than £30,000..."

It's clear here the cash price of the service Mr E paid for was £50, as that was the amount charged for updating the vehicle registration number. As this is under the £100 limit above, Mr E isn't entitled to raise a valid section 75 CCA claim.

I'm not sure Vanquis considered if section 75 CCA applies. But even if it didn't, section 75 CCA clearly doesn't apply – so I don't think Mr E's been materially impacted and I don't feel I need to expand any further on this point.

Customer service issues

Mr E wanted the service Vanquis provided reviewed, but he wouldn't tell our investigator specifically what customer service he was unhappy with regarding the chargeback claim. So I've reviewed all the call notes and recordings available during the chargeback period.

There's nothing to indicate the chargeback claim was raised incorrectly. And I can't see that there were any unusual delays in progressing the claim. After Mr E received a temporary refund on 4 January 2024, Vanquis wrote to Mr E about the chargeback outcome on 30 January 2024. I don't think Mr E had to wait a particularly long time for an outcome.

The main communication I can see occurring between Vanquis and Mr E during the period 4 to 30 January 2024, relating to specifically the chargeback claim, were phone calls between Vanquis and Mr E on 29 January 2024. Vanquis initially called Mr E to talk about the chargeback claim. But as Mr E wasn't sure Vanquis had called, he didn't go through Vanquis' security process and called Vanquis back a short while later. In this later call, he complained about the initial call from Vanquis. I understand Mr E had thought Vanquis should have done more to verify itself before asking him for personal information.

A copy of the initial call isn't available. That might be because Mr E hadn't gone through Vanquis' security process. Either way, even if I accept at face-value that Vanquis ought to have done more to verify it was calling rather than some fraudulent third-party, I can't see how Mr E has been impacted beyond minor levels of inconvenience. Although I appreciate he would be understandably concerned about a third-party attempting to obtain his personal details, it was clear those concerns would have been allayed after Vanquis indicated, on the same day, that it had previously called. I don't think any distress or inconvenience suffered here would be of a level that warrants compensation.

During the further calls on 29 January 2024, I can see Mr E had issues in persuading an agent to log a complaint. However, the customer service issues during these calls have clearly been factored into the £200 compensation payment awarded to Mr E on his separate complaint about a DSAR. So I'm not addressing them again here.

I've also listened to all the other calls, including the ones our investigator mentioned, but like our investigator I didn't hear anything that stands out as particularly concerning.

Overall, I think Vanquis handled Mr E's chargeback claim fairly, and I find that its customer service overall was adequate. So I'm not recommending Vanquis do anything further.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 17 April 2025.

Alex Watts
Ombudsman