

The complaint

Ms E complains that Vanquis Bank Limited mishandled a loan account she held with it when she tried to make a settlement payment. This resulted in a missed payment marker on Ms E's credit file which she says is an error and she would like it removed.

What happened

In December 2021 Ms E entered into a three-year fixed sum loan with Vanquis. In February 2024 she requested the settlement figure for the outstanding balance and was informed it was £1,372.85. Vanquis says that it asked Ms E when she would be making this payment but she didn't respond. However, she made the payment via a third-party company about one week after getting the settlement figure.

Vanquis says that errors in its process occurred with the settlement payment being recorded but not manually added to the account. There was then a delay in the payment being refunded back to the third-party as this should have happened within a few days but wasn't done until May 2024.

In the meantime, Ms E had asked for confirmation that the funds had been received and the loan paid off but was upset to discover that the balance was still outstanding. She continued to make the monthly payments but in April, when the settlement funds had been credited to her account, she was told the loan account was in credit and no need to make a payment. However, the funds were then refunded leaving her account as showing a missed payment which was reported to the credit reference agencies. Ms E was very upset to find this marker in her credit file.

Ms E made a total of four complaints to Vanquis, but it did not send her a final response letter. Due to the time that had passed Vanquis said Ms E could complain to this service.

Ms E complained to us that Vanquis appeared to have lost her funds, didn't then advise her when it had been refunded and had reported the missed payment. She said she had had to make multiple attempts to contact it and she had suffered significant distress and inconvenience as a result.

Vanquis said that it agreed its service to Ms E hadn't been to the standard she could reasonably have expected, and it had made a number of errors. It offered to pay Ms E £250 compensation.

Our investigator recommended that Ms E's complaint should be upheld. He said that in the circumstances he thought £250 compensation was fair for Vanquis' errors and the impact these had had on her. Our investigator also said that it would be fair for Vanquis to remove the missed/late payment marker from Ms E's account.

Vanquis agreed with our investigator's view, but Ms E disagreed with the amount of compensation. She said for four months she hadn't known where her money was, she had had to make multiple calls and had wasted hours trying to sort the issue out with Vanquis.

As the parties were unable to reach an agreement the complaint has been passed to me.

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.

It isn't disputed that Vanquis has made errors with its handling of the settlement payment it received on behalf of Ms E. I also don't think it's disagreed that Vanquis hasn't handled her complaints about the matter in a timely manner nor given her information about what was happening. I accept this will have caused Ms E unnecessary distress and inconvenience.

Vanquis has offered compensation in the amount of £250 which our investigator thought was fair and reasonable. Ms E says it doesn't represent the worry, time and effort she had to put into dealing with this matter. But although I appreciate this will be of disappointment to Ms E, while I'm upholding her complaint, I'm not going to ask Vanquis to increase the compensation. I will explain why below.

When considering compensation, I need to look at the impact these mistakes had on Ms E. So, while I agree that in respect of the settlement payment, Vanquis has made a number of errors and that there was a delay in refunding the money of about 10 weeks, the money was eventually refunded. However, I appreciate fearing this money was lost would have been stressful for Ms E.

I've also seen that there was confusion over the payment being credited to the account and Ms E being incorrectly told she didn't need to make a payment and then later discovering a missed payment marker for that month. I accept this would have also been distressing. I haven't seen that this negative marker had a financial impact on Ms E, that is that she was declined other credit or was unable to get a particular financial product, but I think it's fair that this is removed which Vanquis has agreed to do.

Ms E is also very upset over the length of time this matter has taken to resolve which is understandable. But while I accept Vanquis hasn't provided her with its final decision letter on her complaints, I can't compensate her for that. This is because this service's remit is for regulated activities such as the providing credit and managing financial accounts, the complaint process isn't part of a regulated service. The lack of response from Vanquis would be frustrating for Ms E but it didn't prevent her from being able to bring her complaint to us. Vanquis has reviewed what happened here and offered compensation for its failures.

So, looking at the impact the mishandling of the settlement payment has had on Ms E, I think £250 compensation and the removal of the missed payment marker from this account are fair and reasonable.

Putting things right

For the reasons set out above I'm upholding Ms E's complaint. I'm asking Vanquis to do the following:

- Pay Ms E £250 compensation for the distress and inconvenience caused.
- Remove the missed payment marker reported in Ms E's credit file for this account.

My final decision

As set out above, I'm upholding Ms E's complaint. I'm asking Vanquis Bank Limited to do the

following.

- Pay Ms E £250 compensation for the distress and inconvenience caused.
- Remove the missed payment marker reported in Ms E's credit file for this account

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms E to accept or reject my decision before 28 October 2024.

Jocelyn Griffith
Ombudsman