

The complaint

Mrs P is unhappy with Vanquis Bank Limited's terms and conditions on its 90 day savings account.

What happened

Mrs P contacted Vanquis about section 19 of its terms and conditions for her 90 day savings account. Mrs P had reviewed her various accounts and wanted to double check her understanding of this section. Mrs P said she was surprised when she was told the grace period for changes under part three of this section didn't apply to notice accounts with a reduction in interest Mrs P said the way the details in the section read it appeared to state the opposite of what Vanquis was now telling her. Mrs P said she had numerous other variable notice period accounts with other banks/building societies and all of them *"give me as much notice as I give them when it comes to a change - including a change of interest rate."* Mrs P said Vanquis was treating her differently. As agreement couldn't be reached Mrs P brought her complaint to this service.

Our investigator upheld the complaint. She agreed with Mrs P. Her interpretation was the section terms meant the usual 90 day period to close the account didn't apply within the initial 30 day period if Vanquis notified Mrs P that it would be lowering the interest rate. Our investigator said Mrs P was able to close the account within the 30 days and didn't have to wait the full 90 days. Our investigator said by asking Mrs P to wait 90 days means she's stuck with a lower interest rate until the full 90 day account notice period expired. Our investigator said this wasn't fair. She also said as the term can be interpreted in different ways it should be read in a way that favours Mrs P as she didn't write the contract. Our investigator also said Vanquis should compensate Mrs P £100 for the worry and inconvenience it had caused her. And to allow Mrs P to close her account in the 30 day period if Vanquis decides to lower the account interest rate.

Mrs P accepted this. No response has been received from Vanquis, so the complaint has been passed on for a final decision from an ombudsman.

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.

The issue revolves around Section 19 of Vanquis's general terms and conditions. I've picked out the parts that I think are important here:

"Changes we can make

Changing interest rates if you have a Fixed Rate Bond account. We can't change the interest rate during the fixed term period. All other accounts can stay open until you or we close them. Therefore, we offer these accounts with variable interest rates. A variable rate means we can change it from time to time.

Your options if you're not happy with a change were making

If you're unhappy with a change were making, you can tell us but you may need to close your account. You must tell us before the change comes into force. If your Product information document says you have to give us notice to close your account this won't apply from the date we give you notice until the date the change is made if we don't hear from you we'll assume you accept the change. If we introduce a new service or feature to your account, we'll send you any new terms that apply before it becomes available."

Vanquis confirmed in its final response it would let Mrs P know at least 30 days before any change takes place. It also said *"If any other changes are made (except the interest rate) you will be informed at least two months before the change takes place."*

Vanquis said Mrs P agreed to the terms and conditions when she took out the account. It said it had used the correct interpretation of procedures regarding the terms and conditions of the account.

During the discussion between the parties Mrs P sent some secure messages to Vanquis. It responded and said:

"I can confirm that if the interest rate was to decrease on your 90 Day Notice account, we will inform you at least 30 days before any changes are to be made. To withdraw from your account, you will still be required to serve the 90 days' notice, as per your account terms and conditions.

For example, if you were to apply notice to withdraw from your account 30 days before the interest rate decreased, you would still need to serve a further 60 days on the lower rate applied, before being able to withdraw your funds."

Mrs P said she reviewed her accounts as interest rates were generally changing and she wanted to make the best use of her accounts and plan for future potential rate changes.

Mrs P felt the details given by Vanquis regarding the terms and conditions were contradictory after she reached out to the bank for some clarity through the secure messaging system. Her understanding was Vanquis would give 30 days notice of an interest rate reduction on variable rate accounts and it would give at least 60 days notice of any changes to any other terms. But she said Vanquis insisted when she spoke to it and in correspondence that while it could give 30 days notice of an interest rate reduction if she decided to close the account within the 30 day window, she would still have to give the full 90 days notice.

Mrs P said nowhere in the section does it state it just related to a change to the term of the account. Mrs P said that Vanquis are saying following it making an interest rate reduction she can't close the account within the 30 days notice that it gives, even if she chooses not to accept the rate change.

Mrs P said this appears to be an unfair contract terms which she said means *"causing a significant imbalance in the parties' rights and obligations arising under the contract, to the detriment of the consumer."*

Mrs P said that Vanquis reiterated the terms and conditions and said why it's right and her understanding is wrong. But she maintains the terms and conditions state if the product information document says you have to give notice to close an account, this will not apply from the date Vanquis give notice until the date the change is made.

Mrs P said Vanquis remain adamant the terms mean it can reduce the interest rate, give 30 days notice and she would still need to give them 90 days notice if she doesn't want to accept the change before she can close the account. So, she would have to accept 60 days still in the account on the reduced rate of interest.

Mrs P doesn't think the requirements placed upon her are fair and doesn't feel she should have to keep the account for 90 days and feels the terms and conditions agree with her. She is unhappy that Vanquis said it can provide different notice periods for changes it makes to accounts that are different to the notice periods that apply to her.

As Mrs P reviewed all her accounts with other banks and building societies, she was able to confirm this was a different term to the ones that apply elsewhere. She said only Vanquis had this term.

The term Mrs P refers to says: *"If the product information document says you have to give notice to close your account, this won't apply from the date we give you notice until the date the change is made."* I think that's clear. I think it means the usual 90 day notice period doesn't apply within the 30 day window and Mrs P is able to give 30 days notice to close the account. I don't think it's fair or reasonable that Vanquis can impose the lower rate and insist Mrs P has to stay within the account for the full 90 days and I think the term noted here and above confirms that understanding.

I accept that Vanquis sees the term differently, but I think the clearest interpretation is the way Mrs P, our investigator, and I read it. And as there's a lack of clarity it's only fair and reasonable to apply the interpretation that favours Mrs P as she didn't write it.

Mrs P should be allowed to close the account within the 30 day window from when Vanquis advises it's about to lower the interest rate. This way Mrs P will be able to avoid having to keep her savings in the account with the lowered interest rate for a further 60 days. If Mrs P doesn't give notice within those 30 days, then the rest of the terms and conditions and usual notice period would apply.

I think the term clearly favours Vanquis and I don't think Mrs P has received the service and answers she should have been able to expect from it. I think £100 compensation for the errors made and the impact on Mrs P is a fair outcome.

Putting things right

- Allow Mrs P to use the 30 day window if she wishes to close the account if it lowers the interest rate.
- Pay £100 compensation for the distress and inconvenience caused to Mrs P.

My final decision

I uphold this complaint.

I require Vanquis Bank Limited to:

- Allow Mrs P to use the 30 day window if she wishes to close the account if it lowers the interest rate.
- Pay £100 compensation for the distress and inconvenience caused to Mrs P.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs P to accept or reject my decision before 21 October 2024.

John Quinlan
Ombudsman