

The complaint

Mr M complains that Vanquis Bank didn't freeze the interest and charges on his account, as it had agreed to, and that it then reduced his credit limit and told him that his credit rating would be affected.

What happened

Mr M phoned Vanquis Bank in October 2023 to dispute a payment of £1,047.24 that had been applied to his Vanquis Bank credit card account. He says that it agreed to freeze charges and interest on his account but it says that it agreed to freeze interest for the disputed transaction. Mr M didn't make a payment to his account in December 2023 and January 2024 so his account went into arrears and Vanquis Bank recorded missed payments on his credit file. Vanquis Bank also reduced his credit limit to £350 in January 2024.

Mr M complained to Vanquis Bank but it said, in April 2024, that it didn't think that it could have done things differently. It said it could amend his credit file if it had made an error but it didn't advise him to stop making his payments so it was unable to remove the late payments. Mr M wasn't satisfied with its response so complained to this service. His complaint was looked at by one of this service's investigators who, having considered everything, didn't think that Vanquis Bank needed to take any action. He said that Mr M didn't make the required payments for November and December 2023 and January 2024 so he wouldn't be asking Vanquis Bank to remove the adverse information recorded on his credit file or ask it to reinstate his previous credit limit.

Mr M provided account statements that he says show refunds in full for both late charges and interest that he requested as a result of being told that his account would be frozen until the dispute about the payment of £1,047.24 was resolved. He says that he asked Vanquis Bank to listen to their phone conversation which resulted in a full refund. The investigator said that Vanquis Bank hadn't engaged in any meaningful way with the complaint process but he was satisfied that it had done nothing wrong in the circumstances about which Mr M had complained.

Mr M didn't agree with the investigator's recommendation and asked for his complaint to be considered by an ombudsman. He has responded to the investigator's recommendation in detail and says, in summary and amongst other things, that:

- this would never have occurred had Vanquis Bank: done what it said it would when he asked for the disputed payment to be stopped; investigated the dispute within its own time frame; and frozen his account as promised;
- he stopped making minimum payments for only two months because Vanquis Bank said that it would freeze the account but the minimum payment that it calculated included the disputed amounts and he paid one of the two month's minimum payment, albeit late, which had it been calculated properly would have covered the actual minimum payment due twice;
- when it resolved the disputed payment and refunded it, it also refunded all the interest and late payments and he paid off the full amount owed;

- the problems were of Vanquis Bank's doing yet it reduced his credit limit; and
- Vanquis Bank has failed to provide any evidence of what it claims and the only evidence has come from him.

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.

Vanquis Bank says that Mr M contacted it in October 2023 to raise a dispute for a payment of £1,047.24 as it wasn't authorised by him. It says that it listened to the recordings of its telephone calls with Mr M and, on 13 November 2023, he asked if the interest would be frozen whilst it investigated his claim due to the length of time it may take and it confirmed that the interest would be frozen for the disputed transaction whilst it completed its investigation.

Mr M has now provided his credit card statements for October 2023 to February 2024. The opening balance on the October 2023 statement was zero and Mr M made two purchases with a value of £265.76 so the minimum payment of £10 was due by 13 November 2023.

The November 2023 statement shows that Mr M made the payment of £10 on 14 November 2023, so a late payment charge of £12 was applied. It also shows that the disputed transaction of £1,047.24, with a non-sterling transaction fee of £31.31 (which was refunded), and purchase interest of £5.25 were charged to the account. The statement said: *"Payment of amount in dispute £1,047.24 is not required"*. The balance was £1,320.25 but payment of £1,047.24 wasn't required so the adjusted balance was £273.01 (which is the £265.76 from October 2023, less the payment of £10, plus the late payment fee and the purchase interest). A minimum payment of £24.92 was due by 14 December 2023 but Mr M didn't make that payment.

The December 2023 statement shows that the missed payment of £24.92 was overdue so a late payment charge of £12 was applied with purchase interest of £16.49. The statement said: *"Payment of amount in dispute £1,047.24 is not required"*, but the balance on the account had increased to £1,348.74 and the minimum payment of £36.38 was due by 15 January 2024.

The January 2024 statement shows that a payment of £37.60 was overdue so a late payment charge of £12 was applied with purchase interest of £9.03, the disputed payment was released (with an interest adjustment of 1p) and two late payment charges were refunded so the balance on the account was £298.52 and a minimum payment of £29.35 was due by 15 February 2024.

The February 2024 statement shows that a payment of £200 was received from Mr M, a late payment charge of £12, finance charges of £30.77 and interest of 58p were refunded and purchase interest of £1.38 was charged so the balance on the account was £56.55.

Mr M clearly feels very strongly that Vanquis Bank hasn't acted correctly and he said in his complaint form that he asked if interest and charges could be frozen on his account. Vanquis Bank hasn't responded to this service's request for information and hasn't provided recordings of Mr M's calls to it so I haven't been able to listen to those calls. But Vanquis Bank said in its final response letter to Mr M that it had reviewed the calls and Mr M asked if the interest would be frozen whilst it investigated his claim and it confirmed that the interest would be frozen for the disputed transaction whilst it completed its investigation.

I'm not persuaded that it's likely that Vanquis Bank would have agreed to freeze all interest and charges on his account. But even if it had agreed to that, Mr M hasn't claimed that it agreed to freeze his account so a minimum payment towards the two payments that were shown on his October 2023 would be expected. The payment that was due from Mr M in November 2023 was made late and he made no payment to Vanquis Bank in December 2023 and January 2024.

Vanquis Bank is required to record true and accurate information about Mr M's payment history on his credit card account to the credit reference agencies. As the payment that was due from Mr M in November 2023 was made late and he made no payment to it in December 2023 and January 2024, I consider that the late payment information that Vanquis Bank recorded on his credit file is a true and accurate record of his payment history.

Because of those issues with his payments Vanquis Bank reduced Mr M's credit limit from £3,500 to £350 in January 2024 and it wrote to him to inform him of the reduction. I'm not persuaded that Vanquis Bank acted incorrectly in reducing Mr M's credit limit at that time.

Vanquis Bank clearly showed that payment of the amount in dispute wasn't required and it released that payment from Mr M's account in January 2024. It has also refunded late payment charges, finance charges and interest to his account. I appreciate that this will be disappointing for Mr M, but I find that it wouldn't be fair or reasonable in these circumstances for me to require Vanquis Bank to remove any information about the missed payments from his credit file, to reinstate his credit limit or to take any other action in response to his complaint.

My final decision

My decision is that I don't uphold Mr M's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 7 November 2024.

Jarrold Hastings
Ombudsman