

The complaint

Mrs V complains Vanquis Bank Limited allowed fraudsters to take over her credit card account and make disputed transactions. Mrs V complains that this has caused her a lot of distress and inconvenience – she wants her account closed.

What happened

Mrs V has a credit card issued by Vanquis and has been a customer for over 10 years. During that time, according to Vanquis correspondence, she's managed her account well.

Mrs V says that several years ago someone tried to use her credit card to make a £900 payment having changed her address and PIN. She says that Vanquis spotted what the person was trying to do and stopped it. Mrs V says Vanquis put additional measures in place to make sure the same thing didn't happen again. She says she was impressed by Vanquis' response at the time.

Mrs V says that her account was hacked on a second occasion at the end of 2023 despite Vanquis putting additional measures in place. Mrs V says she completely lost faith in Vanquis as a result of this and asked for her account to be closed. She says she'd more or less stopped using the card by then anyhow and had been gradually paying the balance off. She says she was really unhappy with Vanquis' response to this second hack and that she stopped paying towards her card given she couldn't be sure what she owed. She asked Vanquis to clear her account. Mrs V says Vanquis didn't do so – it simply refunded what it said were the fraudulent transactions, but then not only reduced her credit limit but also demanded she repay the balance. She complained to Vanquis about this, and then to us.

One of our investigators looked into Mrs V's complaint and asked for information from Vanquis. Our investigator had no response from Vanquis – despite giving several extensions – and so issued a view. In that view, our investigator recommended that Vanquis confirm it had refunded all of the disputed transactions and remove any adverse information it had recorded as a result of them. In addition, they recommended that Vanquis pay Mrs V £250 in compensation. Finally, our investigator said that Vanquis should agree a repayment plan with Mrs V taking her vulnerabilities into account.

Mrs V was originally happy with our investigator's recommendations. Vanquis didn't reply. So, Mrs V's complaint was referred for decision and 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.

Having reviewed Mrs V's complaint, I spoke to her to get a better understanding of what she wanted Vanquis to do and a better understanding of the impact Vanquis' handling of this issue had caused. Having done so, Mrs V agreed that the disputed transactions must have started in November 2023 as the payments she'd been making every month had been consistent until then. She also explained in detail the impact that this had had.

Having spoken to Mrs V, I contacted Vanquis to see if I could get this complaint resolved informally. In particular, I wanted to check how much Mrs V owed before the disputed transactions started – I explained my understanding was that she owed around £2,000 and was making payments of around £130 a month. In other words, slightly more than her minimum payment. I also explained that I thought the compensation recommended – £250 – was potentially a bit light. Despite having chased Vanquis several times, I didn't get a response. So, I issued a provisional decision based on the evidence I had at the time.

In that provisional decision I said:

“Our investigator asked Mrs V for a copy of her credit card statements before and after the disputed transactions. They asked Vanquis too. Mrs V was able to provide us with some of her statements, but not all of them, and Vanquis didn't respond. That means, for example, that I don't have a copy of Mrs V's statement the month before the disputed transactions started – which by definition would only include amounts owed as a result of genuine transactions – or a copy of Mrs V's statement the month the disputed transactions started. I am, however, satisfied that before the disputed transactions took place Mrs V:

- had an outstanding balance of around £2,000;*
- was paying around £130 a month towards the outstanding balance; and*
- had a credit limit of £4,000.*

I'm also satisfied that the disputed transactions took Mrs V's outstanding balance to just over £4,000 and that Vanquis then started charging Mrs V's additional fees – because she was over her credit limit. Her balance had increased to [details omitted].

Based on what I've seen, I'm satisfied that Vanquis has added interest and charges to the balance that Mrs V owes, and that it has defaulted her and almost certainly recorded adverse information on her credit file. I'm also satisfied that Vanquis took at least four months to remove what it says were the disputed transactions from the balance Mrs V owed. I've seen a letter from Vanquis dated 20 February 2024 saying that a credit of £1,800 had been applied to her account and that any interest and charges associated with the disputed transactions had been refund – and that these refunds would appear on her next statement. But I can understand why Mrs V still had concerns that not everything had been refunded given the information I've seen. I can, therefore, understand why she stopped paying towards her card given she couldn't be sure what she owed. I don't think, in the circumstances, that Vanquis has acted fairly added more interest and charges to the balance that Mrs V owes, defaulting her and recording adverse information on her credit file.”

In my provisional decision I required Vanquis to send me copies of Mrs V statements for October 2023 and November 2023 and to identify all of the transactions on the November

2023 statement that it has concluded were fraudulent. I also required Vanquis to send me details of any payments it has received from Mrs V since her 24 November 2023 payment. I said I'd use that information to calculate how much Mrs V actually owes Vanquis and then say how much Vanquis can fairly recover from her. And I said that amount wouldn't include any of the interest and charges Vanquis has added in the meantime given what I'd said in my provisional decision. I also said that if Vanquis didn't send me that information, I'd work on the basis that Mrs V owes them £2,000.

Shortly after issuing my provisional decision Mrs V made what I considered to be a reasonable proposal, namely that Vanquis take the £400 compensation off her balance, stop all interest and she'd then set up a direct debit and make 16 payments of £100 a month each month so as to clear the balance. We forwarded that to Vanquis and asked for its comments. Vanquis hasn't replied to my provisional decision, hasn't sent me the information I required and hasn't commented on Mrs V's proposal.

Putting things right

In light of Vanquis' lack of response, and as I said I would in my provisional decision, I'm now working on the basis that Mrs V owes Vanquis £2,000. I also consider her proposal to repay that amount back to be fair and reasonable. So that's how I plan to put this complaint right. In addition to removing all the adverse information it has recorded, I'm going to require Vanquis to apply the compensation Mrs V ought to be paid - £400 – to her outstanding balance of £2,000 and to set up a repayment plan that means Mrs V can repay the remaining balance – in other words, £1,600 – in 16 monthly instalments of £100.

My final decision

My final decision is that I'm upholding this complaint and require Vanquis Bank Limited to write off all of the interest and charges it has added to Mrs V's account since she reported disputed transactions and to remove any adverse information it's recorded since then too. In addition, I require Vanquis to set up a repayment plan that means Mrs V can repay the remaining balance - £1,600 after it has applied the £400 compensation I'm awarded to the £2,000 balance I'm assuming – in 16 monthly instalments of £100 in full and final settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs V to accept or reject my decision before 6 November 2024.

Nicolas Atkinson
Ombudsman