

The complaint

Ms C complains Vanquis Bank Limited (Vanquis) unfairly closed her two deposit accounts without paying her any interest, after she was unable to provide what she felt was unreasonable documentation evidencing the source of funds.

What happened

Ms C says she opened two deposit accounts with Vanquis in late January 2023 and early February 2023 for the sums of £80,000 and £50,000 respectively. Ms C says she was then told by Vanquis that she needed to provide certain documentation regarding the source of funds. Ms C says she provided what information she had, including her tax return for when she last worked overseas, as she has been a housewife since living in the UK. Ms C says it wasn't possible for her to provide the payslips Vanquis needed and it was totally inflexible about this.

Ms C says Vanquis told her this wouldn't affect the first deposit she opened with £80,000. Ms C says she was shocked to find it had closed her £50,000 deposit in April 2023 without any notice and returned the capital without any interest paid to her nominated account. Ms C says Vanquis then closed her £80,000 deposit in August 2023 but again failed to pay her any interest on those funds.

Ms C wants Vanquis to pay her the interest for the time the deposit accounts were with them, apologise and pay her compensation for the loss of opportunity.

Ms C referred the matter to this service as she never had any meaningful response from Vanquis regarding her complaint, other than that she wasn't eligible to receive any interest.

The investigator made several attempts to ask Vanquis for its version of events, including emails and telephone calls over many months but without any response. The investigator says he could only issue his view based on the information made available to him from Ms C and from that he felt Vanquis hadn't acted fairly.

The investigator says Vanquis have no obligation to continue to offer banking services if it no longer wants to and that's a commercial decision for it to take. That said the investigator felt Vanquis should have given reasonable notice to close the accounts, but as it hadn't provided this service with its terms and conditions, he couldn't say it had acted fairly in line with those terms and conditions.

While the investigator felt he couldn't ask Vanquis to reopen the accounts, it should pay Ms C £100 for the stress and inconvenience caused.

Ms C didn't agree with the investigator's view and Vanquis didn't respond, so the matter has been referred to an ombudsman for a final decision.

I sent both sides a provisional decision, where I said :

I've considered all of the evidence and arguments to decide what's fair and reasonable in the

circumstances of this complaint.

Having done so, given the lack of any information from Vanquis I will also be upholding the complaint and I will explain how I have come to my decision.

I can understand it would have been frustrating and upsetting for Ms C to have deposited funds with Vanquis only to be told she needed to provide specific background information about the source of funds and that the accounts would be closed without any interest being paid.

The first thing to say here is as explained by the investigator, Vanquis, despite several attempts over several months failed to provide any information regarding the course of events here. So as a result, and under the Disp. Rules which we operate, I can now only issue a decision based on Ms C's evidence.

Ms C's complaint centres around the fact she opened two deposits accounts with Vanquis in January 2023 and February 2023 for £80,000 and £50,000 respectively. Ms C says she was asked to provide certain documentation to Vanquis which wasn't possible due to the fact she hadn't been employed in the UK since her arrival in 2021. Ms C says she provided Vanquis with her overseas tax return, but it refused to accept this and have been unreasonable in demanding documentation she's unable to provide.

Ms C says as a result Vanquis without notice, initially closed her £50,000 deposit without any interest paid in April 2023 and then closed her £80,000 deposit in August 2023 again without paying her any interest. In fact, Ms C says Vanquis told her its documentation requirement wouldn't have any effect on the first deposit she opened for £80,000, but that proved not to be the case.

While I understand the points Ms C says here, it's worth mentioning that it's not for this service to tell businesses what documentation it must accept for the purposes of opening or continuing banking services. That said, what isn't clear here is why Vanquis agreed to take the deposit funds from Ms C before it had completed all of its account opening procedures here. I say this because in normal circumstances I wouldn't expect funds to have been accepted before all the source of funds had been understood and its Know Your Customer (KYC) process had been fully satisfied.

Without any account opening procedural information or account terms and conditions from Vanquis, I can't say it acted fairly here.

So, I propose Vanquis in the absence of any information from them surrounding the course of events here, I'm satisfied it should pay Ms C interest on the two deposit accounts for the time it held them and a further £100 for the inconvenience this matter has caused.

While Vanquis will be disappointed with my provisional decision, I feel this is a fair outcome here based on the limited information available.

I gave both Ms C and Vanquis until 23 October 2024 to accept or reject my provisional decision. Ms C accepted my provisional decision, but no response was received from Vanquis, so the case has been passed back to me to make a final 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.

Despite several attempts to contact Vanquis during this process we have heard nothing back from them and therefore in the absence of any response to my provisional decision, my final decision remains the same.

Putting things right

I instruct Vanquis Bank Limited to pay Ms C interest on the two deposit accounts for the time it held them until closure, at the prevailing interest rate at that time and a further £100 for the inconvenience this matter has caused.

My final decision

My final decision is that I uphold this complaint.

I instruct Vanquis Bank Limited to pay Ms C interest on the two deposit accounts for the time it held them until closure, at the prevailing interest rate at that time and a further £100 for the inconvenience this matter has caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms C to accept or reject my decision before 25 November 2024.

Barry White
Ombudsman