

The complaint

Mrs G complains about the way that Vanquis Bank Limited trading as Vanquis Bank Savings (Vanquis) administered an account in her name.

Mrs G is represented in this complaint by her attorney Mr L.

What happened

Mrs G held a fixed term savings account with Vanquis which was due to mature in October 2023. Mr L is appointed as Mrs G's attorney under a lasting power of attorney to help manage her affairs. Although Mrs L is also Mrs G's attorney, I have continued to refer solely to Mr L for ease of reading.

Mr L says that after Vanquis wrote to him about the account maturing, he spoke with Vanquis to confirm that the funds should be paid into Mrs G's bank account.

However, the funds didn't credit Mrs G's nominated account as expected and Vanquis instead wrote to say that it had reinvested the funds at 0.1% as it had not received maturity instructions.

Mr L then spent several weeks trying to activate the nominated account details before Vanquis credited the funds to Mrs G's bank account on 20 December 2023.

Our investigator upheld Mrs G's complaint. She explained that although Mr L had spent time dealing with things on behalf of Mrs G, he isn't the eligible complainant for the purposes of this complaint. However, our investigator thought that Mrs G would have been distressed when a significant sum of money appeared to have been lost.

Our investigator noted that Mr L had intended investing the money elsewhere and that it would have earned interest at 3.5% rather than 0.1%.

Our investigator asked Vanquis to put things right by paying the £150 compensation it had already offered, together with the interest Mrs G had missed out on. Our investigator calculated this to be 62 days interest at 3.4% (allowing for the 0.1% already paid) rounded up to £462. Our investigator said that although Mr L had said he could have invested the funds into an account earning 5.5% interest, he had chosen not to do so for ease. So, our investigator didn't consider the higher rate.

Mr L was unhappy with the offer of compensation. He said Vanquis' original offer to pay £75 compensation was woeful given the impact of the delays and the photocopying and postage costs involved. Mr L referred to an issue with another lender where it had immediately offered £175 compensation.

Mr L didn't think that our investigator had considered the interest lost since the funds were transferred to Mrs G's bank account in late December 2023.

Our investigator went back to Mr L to say that she had based her interest calculations up to the date Vanquis transferred the funds to Mrs G's external bank account, as from this date,

she could have invested the money elsewhere. Our investigator said that she had gone back to Vanquis to see if it would agree to pay £175 compensation.

Mr L responded that the loss of interest figure would be fair if Vanquis had paid the money promptly into Mrs G's account. Instead the money has remained with Vanquis, not earning any interest for Mrs G.

Our investigator issued a second view. She said that having considered Mrs G's investment statement, the lost interest should be calculated by reference to 3.59%, rather than 3.5%. So, Vanquis should calculate 62 days interest on £80,000 at 3.49% (to allow for the 0.1% interest earned with Vanquis).

Our investigator also asked Vanquis to pay compound interest on the award of interest. Our investigator said that if Vanquis had transferred the funds to Mrs G's external account on 19 October 2023, the first amount of interest would have been paid on 5 November 2023. So, our investigator said that Vanquis should pay compound interest on the award of interest at 3.59% from 5 November 2023 to the date Vanquis makes the payment.

Vanquis accepted our investigator's second view and has paid compensation totalling £665.85 into Mrs G's bank account. However, given the delays resolving this complaint, Mr L wants an ombudsman 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.

I realise that I've summarised this complaint in less detail than the parties and I've done so using my own words. I've concentrated on what I consider to be the key issues. The rules that govern this service allow me to do so. But this doesn't mean that I've not considered everything that both parties have given to me.

Vanquis accepts that it let Mrs G down, so my decision focusses on whether it has already done enough to put things right for her. Where a business makes a mistake – as Vanquis has done here – I look to try and put the consumer back in the position they would have been had the mistake not happened. And where appropriate, I can also make an award of compensation to reflect the inconvenience and upset caused to the consumer.

In Mrs G's case, Vanquis has paid the interest she would have earned had she invested £80,000 earning interest at the rate of 3.59% from 19 October 2023 until 20 December 2023 less any interest that she earned with Vanquis during that time. Vanquis has also paid compound interest at 3.59% on the award of interest from 5 November 2023 until the date this amount was paid. So, I am satisfied that Vanquis has taken reasonable steps to put Mrs G back in the financial position she would have been had it transferred the maturing funds to her external bank account on 19 October 2023.

This leaves the question of whether an award of compensation totalling £175 fairly reflects the inconvenience and upset caused by the mistake. As our investigator has explained to Mr L, the eligible complainant here is Mrs G. So, I have to keep in mind the impact Mrs G has felt personally, rather than that of Mr L. Having done so, I agree that £175 is a fair award of compensation and I will explain why.

My understanding is that Mr L was the person dealing with everything on Mrs G's behalf. This means that the inconvenience caused to Mrs G herself would have been limited. I fully accept that Mrs G is likely to have felt anxious when in December 2023, Vanquis could not

trace the funds after using the wrong sort code. A large sum of money was involved, so it must have been stressful for Mrs G when it seemed the money might be lost. I don't in any way intend to downplay her upset, but any anxiety over the whereabouts of the money should have been relatively short lived.

I accept that nearly a year has passed between Mrs G receiving the matured funds and Vanquis paying the interest she lost out on. Even though Mr L has been the person following up with Vanquis, I assume that Mrs G may have been aware of the ongoing work and may therefore have also felt some anxiety when things have taken longer to resolve. But as Vanquis had already transferred the maturing funds and has made up the financial loss caused by the delay; I still think £175 is in line with our published approach to awards of compensation and fairly reflects the upset caused to Mrs G.

I appreciate that Mr L is unhappy that when Vanquis paid the compensation to Mrs G it didn't apologise or explain why there had been a delay. But as our investigator has already said, complaint handling as a standalone activity, isn't a regulated activity about which we can generally consider complaints. So, although it may have been preferable if Vanquis had included an apology or explanation within the letter it sent about the compensation payment, I don't require it to now apologise or pay additional compensation. I hope that Mr L understands.

My final decision

My final decision is that by having already paid a total of £665.85 (made up of £175 compensation and £490.85 interest and compound interest) Vanquis Bank Limited trading as Vanquis Bank Savings has already done enough to put things right.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs G to accept or reject my decision before 16 December 2024.

Gemma Bowen
Ombudsman