

The complaint

Mr G complains that Vanquis Bank Limited increased the interest rate applicable to his account. He's also unhappy that when he contacted Vanquis and advised then that he'd lost the paperwork from when he took out the card and couldn't recall what the interest rate was then, the call handler couldn't confirm what the initial interest rate was.

What happened

Mr G holds a credit card account with Vanquis which he took out in December 2017.

Mr G is unhappy that the interest rate on the card has increased and that he hasn't always been told about this. He says the last time he was told about an interest rate increase the rate went up to 39.9% and that since then he hasn't been informed of any increases, but he has discovered that the rate is now 56.9%.

Mr G contacted Vanquis to ask what the interest rate was on the card when he took it out in 2017 but the call handler wasn't able to give him this information. Mr G complained to Vanquis.

Vanquis didn't uphold the complaint. In its final response dated 28 May 2024, it said it had sent a Notice of Variation (NOV) to Mr G on 12 June 2023 informing him that the interest rate was increasing from 49.93% to 54.44% with effect from 17 August 2023, and that Mr G could opt out of this increase by 16 August 2023. Vanquis acknowledged that the call handler had been unable to check the interest rate at the time the card was taken out but said that Mr G could contact them again to obtain this information. Vanquis said that the terms and conditions of the card allowed them to increase interest rates. It said that if Mr G felt that the rate was too high, he could opt out of the interest rate increase.

Mr G remained unhappy and brought his complaint to this service.

Following the referral of the complaint to this service, Vanquis acknowledged that when Mr G had asked about the interest rate at the time he opened the account, the call handler was unable to provide a response. It apologised for the information not being available and offered compensation of £25.00.

Our investigator thought the offer was fair. She said that the terms and conditions of the account stated that interest rates could change provided that Vanquis gave at least 30 days' notice. The investigator said that the changes had been communicated to Mr G by NOV sent via letter or email, and she wasn't able to say that the rate had been increased incorrectly. The investigator said it was unfortunate that the call handler hadn't been able to confirm the starting rate but said this hadn't impacted Mr G financially and that the compensation offered in this respect was fair.

Mr G didn't agree so I've been asked to review the complaint.

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 know it will disappoint Mr G, but I agree with the investigators opinion. I'll explain why.

I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point, it's not because I've failed to take it on board and think about it but because I don't think I need to comment on it in order to reach what I think is the right outcome.

Mr G's complaint is that he wasn't advised of interest rate increases, and that when he contacted Vanquis the call handler couldn't tell him the rate applicable to the account when he took out the card in 2017. I've limited my decision to these two issues. Mr G has subsequently raised a further issue concerning the rate applicable when he took out the card. I've explained below why this needs to be raised as a separate complaint.

I've reviewed the terms and conditions of the account. Clause 3,8 is relevant to interest rates. It states as follows:

"We will give you at least 30 days prior written notice of any increase in your interest rate. If we give you such notice you will have 60 days starting with receipt of that notice to tell us that you reject the rate increase. If you do so you must repay the outstanding balance at the existing interest rates within a reasonable period and your account will be closed (i.e. you will no longer be able to use it)"

Mr G agreed to these terms and conditions when he took out the card.

This service asked Vanquis to confirm when the interest rate was increased. It provided evidence to show that a Notice of Variation was sent to Mr G on 12 June 2023 informing him that the rate was increasing from 49.94% to 52.44% with effect from 17 August 2023. Vanquis also provided evidence to show that a Notice of Variation was sent to Mr G on 12 February 2024 informing him that the rate was increasing from 52.44% to 56.4% with effect from 28 March 2024.

The Notices of Variation were issued to Mr G by email or letter. I've checked the email address and postal address that Vanquis hold for Mr G and these match those provided by Mr G to this service. I'm therefore satisfied that the NOV's were correctly addressed. If Mr G didn't receive them, due to third party IT issues or postal issues, I don't think I can fairly say that this was Vanquis's fault.

Each time the NOV was sent, Mr G had the option to "opt out" of the interest rate increase as set out in the terms and conditions.

I've checked the dates of the NOV's, and I'm satisfied that Vanquis complied with the terms and conditions by giving at least 30 days' notice of the increase and by giving 60 days for Mr G to opt out of the increase.

Taking all the information into account, I'm unable to say that Vanquis has made an error by increasing the interest rate. It has acted in line with the terms and conditions of the account.

I appreciate that Mr G wasn't provided with the information about the interest rate at the beginning of the agreement when he called Vanquis on 29 February 2024. Vanquis has acknowledged that the call handler wasn't able to provide the information and it has

apologised for this and offered compensation of £25. Given the low level of inconvenience caused to Mr G and the fact that the service failing hasn't caused any financial disadvantage, I'm satisfied that the compensation offered is fair and reasonable and in line with what this service would award.

Since referring his complaint to this service, Mr G has raised the further issue of what the interest rate was when he took out the card. He's suggested that the rate wasn't as stated in the credit agreement. Because this is a new complaint point and one which Vanquis hasn't been given the opportunity to investigate, Mr G will need to raise a separate complaint with Vanquis in this respect.

Putting things right

To put things right, Vanquis Bank Limited must pay compensation of £25 to Mr G.

My final decision

My final decision is that I uphold the complaint. Vanquis Bank Limited must pay compensation of £25 to Mr G.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 1 January 2025.

Emma Davy
Ombudsman