

The complaint

Ms J complains that Vanquis Bank Limited did not reimburse the funds she lost to a scam.

What happened

Ms J found a video online advertising a company that could train beginners in trading. She went onto the website for the company I'll refer to as 'X', and the website appeared to be professional. She signed up and opened an online trading account and was assigned a broker who could help her carry out trades. She made an initial payment from an external account, and this appeared to receive good returns.

Following this, she made a payment for £4,000 from her Vanquis credit card account, however the following day she logged into her account with X and saw she had a negative balance. She was told she needed to deposit more funds to continue trading but she did not agree to this and felt she had been the victim of a scam.

Ms J raised a scam claim with Vanquis and they attempted to recover the funds from the merchant via a chargeback claim, however this was unsuccessful. The complaint was referred to our service and our Investigator looked into it. Overall, they did not think the payment was unusual or suspicious enough to warrant an intervention from Vanquis prior to it being processed. And they felt Vanquis had taken appropriate action to try and recover the funds, but there was no valid chargeback claim.

Ms J's representative did not agree with the findings. They felt that the payment was unusual as Ms J had not used the account for a few months prior to it, and it utilised all of the credit limit on the account. They also felt the payee was higher risk so there was an indication of financial harm, and they thought Vanquis had missed an opportunity to reveal the scam.

As an informal agreement could not be reached, the complaint has been passed to me for 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.

In deciding what's fair and reasonable in all the circumstances of a complaint, I'm required to take into account relevant: law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to be good industry practice at the time.

Broadly speaking, the starting position in law is that an account provider is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the terms and conditions of the account. And a customer will then be responsible for the transactions that they have authorised.

It's not in dispute here that Ms J authorised the payments in question as she believed they

were part of a legitimate investment. So, while I recognise that she didn't intend the money to go to scammers, the starting position in law is that Vanquis was obliged to follow Ms J's instruction and process the payment. Because of this, she is not automatically entitled to a refund.

The regulatory landscape, along with good industry practice, also sets out a requirement for account providers to protect their customers from fraud and financial harm. And this includes monitoring accounts to look out for activity that might suggest a customer was at risk of financial harm, intervening in unusual or out of character transactions and trying to prevent customers falling victims to scams. So, I've also thought about whether Vanquis did enough to try to keep Ms J's account safe.

When considering this, I have looked over Ms J's statements to see if the payment itself was unusual or out of character enough to warrant intervention from Vanquis. In doing so, I've also considered that this was a credit card account, and these are typically utilised differently to current accounts for example.

I can see that the payment was for the entirety of the credit limit of the account, and that the account had not been used much in the months prior. However, it is not unusual for credit card accounts to be used sporadically and for one-off higher value payments. For example, I can see Ms J had previously had periods of time of up to six months where she did not utilise her credit card at all, and that she had at times utilised the majority of the credit card balance. I therefore do not think this seemingly one-off payment in itself was indicative of financial harm, and I don't think Vanquis made an error when it did not intervene.

I have also taken on board the comments of Ms J's representatives about the merchant being related to investments. I can see that a supervisory notice was made in relation to the merchant by the financial regulator, however this was after Ms J made her investment. There was therefore no relevant warning about the merchant at that time. While the name of the merchant suggests they are financial brokers, with no other clear signs of financial harm, I don't think this alone would be enough to warrant an intervention from Vanquis. As there was no human interaction in the payment journey, I don't think Vanquis has missed an opportunity to meaningfully reveal the scam in the circumstances.

I can see that Vanquis raised a chargeback claim for Ms J when she raised a dispute, and it appears they attempted to raise a claim under '*merchant/services received did not match the written or verbal description*'. It should be noted that the chargeback scheme is voluntary and run by the card issuers and not Vanquis. Its purpose is to resolve disputes between merchants and consumers. In this case, Ms J paid a merchant that appeared to be a different company to X. From the notes provided I can see Ms J was asked to provide invoices and correspondence with the merchant, however the evidence provided was not sufficient to complete a valid chargeback claim. Ms J has confirmed to our service that she did not receive any paperwork about the investment, which would make it difficult to prove the service received did not match a written or verbal description.

I understand that this will be very disappointing for Ms J and I recognise that she has been the victim of a cruel and manipulative scam. But I do not consider that it would be fair to hold Vanquis responsible for her loss, so I won't be asking it to refund any of that loss to her.

My final decision

I do not uphold Ms J's complaint against Vanquis Bank Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms J to accept or reject my decision before 8 August 2025.

Rebecca Norris
Ombudsman