

The complaint

Mrs H complains that Vanquis Bank Limited hasn't refunded a payment that was taken out of her credit card account.

What happened

In October 2023, Mrs H hired a car for a few days from a company I'll refer to as "G". She gave her Vanquis credit card to G who pre-authorised a £200 transaction to cover any potential damage that might occur to the car.

Mrs H says that while driving the hire car she heard a scraping noise and discovered one of the side trims had partly dislodged and was dragging along the ground. She says she secured it and drove a couple of miles back to where she was staying. She says she tried calling G several times to report the issues. When she eventually spoke to G, she says G told her to leave the car where it was and they would come and collect it.

G collected the car and it inspected it and found that there was flood damage to the underside of the car and in the engine. It said the engine needed to be replaced. It then charged Mrs H's Vanquis credit card in November 2023 an amount of £11,468.70 to cover the costs of repairs. This charge put Mrs H substantially over her agreed credit limit of £250.

Mrs H contacted Vanquis a few days later by raising a claim under section 75 of the Consumer Credit Act 1974 ("section 75"). She said that G should not have been allowed to debit that amount from her credit card as she had not authorised it. Vanquis asked her to provide some additional information regarding her claim.

Vanquis later rejected her claim under section 75 and said that she was liable to pay the outstanding balance on the credit card.

I sent Mrs H and Vanquis my provisional decision on 31 July 2025. I thought the complaint should be upheld and said:

Mrs H raised a claim under section 75 with Vanquis. However, what she was trying to achieve was to have the charge applied by G refunded as she didn't believe it should have been allowed to be charged in the first place.

In summary, the general effect of section 75 is that if the relevant requirements are met and Mrs H had a claim for breach of contract or misrepresentation against G, she could bring a like claim against Vanquis as the provider of credit for that contract. It appears the relevant requirements were satisfied here for a claim to potentially be made against Vanquis and therefore Section 75 might be one way in which Mrs H could dispute the amount that was taken by G.

From the evidence I've seen it is debatable whether there was a breach of contract or not by G in applying the charge for damage. It is possible that Mrs H is liable for the damage G alleges occurred, but I accept the available evidence is contradictory and incomplete. In any event, I don't think it's relevant here whether Vanquis acted fairly

or not in declining a refund under section 75. This is because I think Vanquis acted unfairly for other reasons. Firstly, I don't consider it ought to have allowed the charge to be applied to the credit card, and even if it couldn't stop the charge, I consider it acted unfairly in the way it dealt with Mrs H's request for reimbursement. I'll deal with each of these issues in turn.

Vanquis has said that because G processed the charge using the same pre-authorisation code as the £200 charge, it wasn't flagged by Vanquis' security checks and was therefore approved automatically. Vanquis has said the charge should not have been processed this way by G. It also says that had G processed the charge in the correct way, it would have been declined because it exceeded the credit limit available to Mrs H.

Vanquis hasn't been able to provide a satisfactory explanation for why it could not have prevented the charge going through. Given that under any other circumstances it accepts it would not have allowed the charge to go through, I find that Vanquis has acted unfairly in accepting the charge. Clearly this left Mrs H with a significant outstanding balance which was substantially more than her agreed credit limit (and the amount Vanquis was comfortable in lending to her). Had Vanquis done what it should have, which is block the transaction, Mrs H would still owe money to G, but she wouldn't have had the problems she's faced with Vanquis in trying to resolve a debt with it that should never have been there.

Even if what Vanquis says is correct, and that there was no way for it to block the transaction, I think it acted unfairly in the way it subsequently tried to assist Mrs H with a refund.

Vanquis has said that the way G applied the charge to Mrs H's credit card was in violation of the rules and regulations set by the card scheme. It said on this basis it had the right to dispute the charge in its entirety. It says there was a limited timeframe in which to initiate this type of dispute with the card scheme, but because Mrs H didn't return a satisfactory signed dispute declaration to Vanquis in good time, it lost the opportunity to raise a dispute in this way.

I've reviewed the available correspondence and Vanquis' internal contact notes relating to this declaration form. I've not seen anything to demonstrate Vanquis made it clear to Mrs H (until it was arguably too late) of the extreme time sensitive nature of its request for a signed declaration. Nor have I seen that it clearly explained to Mrs H why it needed this form and what it intended to do.

Vanquis was the expert when it came to understanding the specifics of the card scheme's rules and any time limits that related to it. This isn't information that Mrs H – or any consumer – would necessarily have any specific awareness or prior knowledge of. Given the significant value of the charge and how robustly Mrs H has pursued a refund, I'm persuaded that had Vanquis provided clearer guidance and managed the process better and more promptly, I think Mrs H would have completed and returned the signed declaration in the prescribed format at a much earlier time.

I say this particularly because Vanquis accepts it received a signed declaration from Mrs H around two weeks before the time limit expired but there was some error on the declaration. It seems this error was because Vanquis had not appropriately explained to Mrs H what was required and why. Vanquis said it received the acceptable copy of the signed form three days too late. It seems to me that Vanquis could have done much more at an earlier date to get Mrs H to complete this form and return it correctly if it was such an urgent requirement and the most appropriate (and

efficient) way to achieve reimbursement of the charge.

Given Vanquis was satisfied that the card scheme rules were violated by G, it seems likely that any chargeback through the card scheme that might have been attempted would most likely have succeeded had it been processed in time. I'm therefore satisfied that it's likely Vanquis' actions have reasonably prevented the charge from being reversed. It seems this charge could have been reversed as early as December 2023.

Overall, I'm persuaded that Vanquis has acted unfairly towards Mrs H and that either the charge should have been blocked, or if that wasn't possible, that its actions prevented a chargeback (which was more likely than not to succeed) being processed in good time. In either scenario, I'm satisfied that Mrs H has lost out due to Vanquis' actions and it should therefore put things right.

As I've already set out, it's possible Mrs H does owe that money to G and clearly G would likely have continued to hold her liable even if the charge had not gone through or was subject to a successful chargeback. So, whether she had an outstanding balance with Vanquis or with G, her overall debt position wouldn't have materially changed. I've had this in mind when deciding what would be a fair and reasonable way to put things right.

I do consider that it would have been correct for Mrs H to owe the money (or at least be in dispute about what was owed) with G. It should not have developed into a dispute about a debt owed to Vanquis which may have had an impact on Mrs H's credit file. Further, given that G has now received payment from Vanquis for what it believes it is owed it may make it more difficult for Mrs H to challenge it with G directly. To put things right, I think Vanquis should re-work the credit card account as if the charge was removed in December 2023, including removing any interest, fees and charges that may have been applied in connection to that charge. Mrs H can then dispute the debt with G separately, if Vanquis chooses to seek recovery of what it paid to G.

If Mrs H has made any payments towards that disputed charge, Vanquis should refund those payments to her, adding 8% simple interest from the date of each payment to the date of settlement. It should also remove any adverse information that may have been recorded on Mrs H's credit file since November 2023 in relation to this credit card.

Lastly, as I've said, I think Vanquis could have dealt with Mrs H's request for a refund better. I don't think it provided sufficiently clear or timely information concerning the chargeback, and had it done so, it would have likely avoided the need for Mrs H to continually seek redress from Vanquis over a prolonged period of time. Further, this meant she also had concerns around having a large debt reported with credit reference agencies and potential further interest and charges being applied to the outstanding amount. It is possible G may have done something similar had the debt been with them rather than Vanquis, but I can't be certain that would have been the case.

I'm mindful that the majority of the issues Mrs H has experienced were caused by G, not Vanquis, and I can't fairly hold Vanquis responsible for how challenging she has found it seeking a resolution from G. However, taking everything into consideration, I do think Vanquis' actions also caused some unnecessary distress and inconvenience to Mrs H at an already challenging time. I therefore think it should pay her an amount of £200 compensation to put things right.

Vanquis accepted my provisional decision but said that the way in which G processed the transaction it would not have been possible for Vanquis to stop it.

Mrs H didn't agree to the redress I'd recommended in my provisional decision as she didn't think it went far enough to compensate her for all the time, upset and inconvenience she had been caused in trying to challenge the outstanding charge. She provided a detailed account of the efforts she had gone to in order to try and resolve the dispute.

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 done so, I've reached the same outcome I reached in my provisional decision and for broadly the same reasons. However, I'll address the additional points made by both Vanquis and Mrs H and explain why they don't change my conclusions.

As I set out in my provisional decision, even if I accepted that Vanquis could not block the transaction from going through (which it has still not provided any persuasive evidence of), I'm satisfied that it acted unfairly in not robustly and appropriately pursuing a chargeback for a refund. Had it done so, I'm persuaded on the available evidence, that it would most likely have succeeded. Therefore, Mrs H has lost out due to Vanquis' actions.

I've carefully reviewed the detailed response Mrs H has provided to my provisional decision and I want to acknowledge and stress that I don't at all underestimate how challenging, protracted and inconvenient it has been for her to try and dispute the charge applied by G. However, in deciding what fair compensation ought to be, I need to consider what impact Vanquis had. Any difficulty, inconvenience or upset caused by G or as a result of anything G did, is not something I can fairly ask Vanquis to compensate her for.

The vast majority of the inconvenience, time and upset Mrs H has detailed was either directly or indirectly caused by G, not Vanquis. While I do think Vanquis could have obtained a refund of the charge by around December 2023 or early 2024, I'm mindful that had it done this, all it would have achieved was the transfer of the debt from Vanquis back to G. I don't agree with Mrs H that had Vanquis refunded her earlier it would have alleviated many of the steps she subsequently took. This is because had a chargeback (or section 75 claim) been successful, G would inevitably have still pursued her for the outstanding charge. It's possible G may even have sought alternative debt recovery or court proceedings which could also have impacted her credit file and may have caused even greater financial strain in having to seek legal advice or counsel.

I do think Vanquis could have dealt with things much better and ultimately removed the debt from the credit card account much more promptly had it processed a chargeback. However, as I've said, that would not have resolved the underlying dispute for Mrs H. In owing a debt on her credit card, it stopped G from taking further action against Mrs H. While Vanquis clearly took steps too to try and recover the balance, I can't see that Mrs H was in a significantly different debt position than if Vanquis had reversed the charge earlier. But, I agree its handling of the overall situation could have been better, and I consider £200 compensation for Vanquis' actions to be a fair and reasonable way to put things right, alongside re-working the credit card and credit file.

My final decision

For the reasons given above, I uphold this complaint and direct Vanquis Bank Limited to:

- Re-work the credit card account so that any charge applied by G is removed. The re-work should include removing any interest, fees and charges that might have been applied in relation to that charge. If Mrs H has paid any of the charge applied by G to Vanquis, those payments should be refunded to her.
- Pay 8% simple interest per year on any refunds from the date Mrs H made each payment to the date of settlement.
- Remove any adverse information that may have been recorded on her credit file since November 2023.
- Pay £200 compensation for the distress and inconvenience caused.

If Vanquis considers tax should be deducted from the interest element of my award it should provide Mrs H with a certificate showing how much it has deducted so she can reclaim that amount, if she is eligible to do so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H to accept or reject my decision before 19 September 2025.

Tero Hiltunen
Ombudsman