

The complaint

Mr W complains that Vanquis Bank Limited gave incorrect advice which led to a security breach.

What happened

Mr W received a notification about his Vanquis account, which highlighted a transaction had been attempted. When he called up Vanquis on 1 May 2025, it was confirmed his Vanquis card had been set up on Apple Pay. Mr W said he did not have Apple Pay and it appeared his card had been compromised. Despite asking whether he needed a new card and PIN, the advisor said he should wait and see if any transactions were attempted again.

Mr W says he identified some suspicious activity on his Vanquis account the following day and called Vanquis again. He says they confirmed his password had been changed and his card had been activated on Apple Pay. The call handler placed a restriction on his account so no payments could be processed. Mr W asked to raise a complaint about the call handler he spoke to on 1 May as they had not cancelled his card and sent him a new one as he thought they should have done.

Vanquis issued a final response letter in which they explained they felt their call handler had acted correctly, as they did request to send out a new card to Mr W and to cancel any subscriptions or transaction on the card. Mr W referred the complaint to our service.

In the business file that was sent to our service, Vanquis acknowledged their call handler should have issued a new card and PIN in the circumstances but highlighted that this thankfully had not resulted in any disputed payments being made. They therefore offered £50 for the distress and inconvenience the issue had caused Mr W. Our Investigator agreed that this level of compensation was fair and in line with what they would have recommended.

Mr W did not agree for a number of reasons. He said he had received £250 from Vanquis when a call handler hung up on him, so he did not think the £50 was comparable. He also said if not for his own vigilance, he would have suffered a loss. Amongst other points, he also felt Vanquis had allowed a third party to access his account, and this was a serious breach which required increased compensation.

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.

Mr W has provided detailed submissions to our service in response to the Investigator's view. In keeping with our role as an informal dispute resolution service and as our rules allow, I will focus here on the points I find to be material to the outcome of his complaint. This is not meant to be a discourtesy to Mr W, and I want to assure him I have considered everything he has submitted carefully.

I think all parties are in agreement that an error occurred here. That error was Mr W being advised over the phone he did not need a new card and PIN, and the subsequent misinformation about what happened in the call in Vanquis' final response letter. This is what I deem to be the error which Vanquis made.

I am also aware that Mr W is unhappy a third party was able to gain access to his account. Looking at the notes on file, I can see multiple entries on 2 May 2025 which show an individual contacted Vanquis and was able to provide personal information about Mr W that allowed them to pass security. The evidence therefore does not suggest Vanquis made an error which allowed a third party to gain access, instead it suggests Vanquis applied appropriate security checks which were circumvented by a third-party.

Ultimately, the purpose of compensation is not to be a punitive measure for a bank's errors and should take into consideration *actual* loss rather than *potential* loss. It should also be reflective of the actual distress and inconvenience caused to a consumer as a result of a bank's error. With this in mind, I have considered the distress and inconvenience that was caused by Vanquis not immediately replacing Mr W's card and PIN in the call on 1 May and the subsequent misinformation in the final response letter.

I acknowledge it would have been distressing for Mr W to learn his account had been compromised, and that it was inconvenient for him to have to call a second time to rectify the issue on 2 May 2025. But I can see appropriate restrictions were placed on his account that day, and a complaint was raised quickly about the call made the previous day. And I also acknowledge it was frustrating that Vanquis did not immediately recognise their error in the final response letter on 30 May, but Mr W was able to refer his complaint to our service which he did so the following day, and an offer was made four weeks later.

With all of this in mind, I agree the compensation offered of £50 is reasonable in the circumstances and in line with what I would have recommended had the complaint come to me with no offer on it. I am aware that Mr W does not feel this is sufficient, but compensation can be very subjective and what might be enough for one person may not be accepted by another for the exact same circumstances. As mentioned above, having carefully considered everything, I do feel the £50 is fair.

My final decision

I uphold Mr W's complaint and recommend Vanquis Bank Limited pay him £50 compensation for the distress and inconvenience their error caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 18 February 2026.

Rebecca Norris
Ombudsman