

The complaint

Ms I complains that Vanquis Bank Limited declined to refund her for a transaction she said she didn't make or didn't receive any benefit from.

What happened

Ms I has a credit card with Vanquis.

Ms I noticed a transaction for just over £670 on her account to a flight booking merchant I'll call K. Ms I didn't recognise this transaction, so she reported it to Vanquis as unauthorised and asked for them to refund her. She also suggested to Vanquis, if they couldn't deal with the transaction as fraud, then she'd like them to treat it as 'service not received' and begin a chargeback or Section 75 claim.

Vanquis looked into the transaction and found that the payment had been authorised on Ms I's banking app using an extra layer of security called 3D Secure (3DS). They thought only Ms I could have approved this. Therefore, they said they wouldn't refund Ms I, because they thought the transaction was made by her.

Ms I complained to Vanquis, but on reviewing their decision to not refund Ms I's claim Vanquis thought they'd acted fairly.

So, Ms I referred her complaint to our service. One of our Investigators reviewed Ms I's complaint and thought that Vanquis had acted fairly in declining the claim. They said this because the technical evidence showed how the payment has been authorised through the banking app and there was no plausible explanation provided as to how someone else could have completed the payment without her knowledge.

In response to our Investigator's view, Ms I maintained she had never used K or received any booking confirmation. She said she thought Vanquis had an obligation to investigate the lack of service she received under the Consumer Credit Act (Section 75) which allows consumers to get their money back when there has been a breach of contract or misrepresentation by the supplier of the service.

Our investigator explained to Ms I that Vanquis were only able to raise one chargeback per transaction and they had raised an 'unauthorised transaction' dispute based on the information Ms I gave them.

Vanquis didn't respond to our Investigator's view. But, Ms I disagreed. She said the dispute was "not about whether the transaction was authorised – it is about non-receipt of service from K". As Ms I didn't agree, the complaint was passed to me.

I reviewed the case file and sent Ms I my initial thoughts. I told Ms I that I was not planning to uphold her complaint because in the original complaint to Vanquis she stated "I am writing to formally dispute and raise a complaint regarding an unauthorized transaction on my account". Further, Ms I said "I did not make or authorize this purchase ... This is a fraudulent transaction".

So, the fact that Ms I suggested to Vanquis that they could try a chargeback or Section 75 claim, despite still stating it was fraud, didn't change my view that Vanquis acted reasonably because the claim can't be both fraud and non-receipt of service. The latter suggests Ms I accepts she did authorise the payment - but she had been clear she didn't. Therefore, I'd

expect Vanquis to investigate this claim as fraud. I explained that I was satisfied Vanquis didn't need to treat the dispute as a non-receipt of service at the time of the complaint, and I wouldn't expect them to do that now.

Ms I didn't agree with my initial thoughts. She explained that her complaint had evolved and she now accepts the payment was made by her daughter without her knowledge. She acknowledges that the transaction may be technically authorised but maintains it wasn't by her in a meaningful or informed way. She explained her complaint is now about non-receipt of service and the service not being as described because the flights purchased through K were not used, were booked without understanding the terms, involved a transfer that was not achievable and the booking was effectively cancelled. She argues that Vanquis should have considered a chargeback and has a duty to protect customers from financial loss.

I've considered Ms I's additional comments in coming to a decision, which I'll explain below.

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 won't be asking Vanquis to do anything further and I'll explain why.

Generally, a bank is entitled to hold a consumer liable for authorised transactions, and the bank is liable for unauthorised transactions. Those rules are set out in the Payment Service Regulations 2017. So, when a customer informs their bank that there is an unauthorised transaction on their account, the bank should investigate it to understand how it happened and determine who they think is liable.

All parties accept, and the evidence shows, that Ms I told Vanquis that the transaction to K was unauthorised, wasn't made by her and she had never used K nor received booking confirmation or details. Ms I also informed Vanquis that no one else had access to her card, phone or security information to access her banking or make the payment. It follows that it is reasonable for Vanquis to conduct an investigation into fraudulent activity on Ms I's account.

I've seen evidence that shows the transaction was properly authenticated through 3DS on Ms I's banking app, but this on its own isn't enough to say the transaction was authorised. I also need to consider if Ms I consented to the payment.

In Ms I's most recent communication with our service Ms I advised she's learnt that her daughter completed the transaction without her knowledge. I've thought about whether this means the transaction is seen as authorised under the regulations, and I'm afraid I think it was. I appreciate that Ms I said she didn't share her card or security details with anyone and she was the only person with access to her phone and app during the relevant time. But I find it unlikely that Ms I's daughter was able to guess the passwords and card details and access Ms I's phone to complete the payment, without Ms I's knowledge. I find it more likely that Ms I allowed her daughter, at some point, access to the card details, her phone, banking app and security details to complete the payment. Unfortunately, when a cardholder knowingly shares their card details and/or security information with someone else, which allows them to complete a transaction using the agreed form and procedure, the transaction is still authorised under the regulations.

So I'll move on to consider Ms I's argument that Vanquis should have found another, or additional, route to refund her, through a chargeback or Section 75 claim. I'm afraid I disagree with Ms I here. Vanquis were presented with a fraud claim and investigated as such with the aim of retrieving Ms I's money if the evidence indicated genuine fraud. Even though Ms I mentioned both fraud and 'service not received' in her submission, she clearly told Vanquis that the transaction was unauthorised and she wasn't aware of the payment or merchant. In these circumstances, I don't find it unreasonable for Vanquis to treat the claim

as a fraud. And once they've completed a fraud investigation, I wouldn't expect them to carry out a separate investigation into the service not received.

I acknowledge Ms I told us this had a negative impact on her financially and I'm sorry to hear this. However, for the reasons I've outlined above, I won't be asking Vanquis to do anything further.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms I to accept or reject my decision before 29 April 2026.

Cheryl Dior
Ombudsman