

## The complaint

Mrs H is unhappy with how Vanquis Bank Limited have administered her account.

## What happened

I issued a provisional decision on this complaint on 9 December 2025, which included the following:

*What follows is a detailed timeline of this complaint. It's often the case that this section will be purely descriptive. However, given the long and protracted history of this complaint, I feel it's prudent to include my opinion on certain points as the timeline progresses, in order to avoid having to return to each point to comment on it at a later time.*

*Mrs H had a credit card account with Vanquis which, in early 2023, had fallen into arrears. The reason Mrs H gave Vanquis at that time for her inability to make her contractually required monthly payments was that her priority bills had increased unexpectedly.*

*On 2 February 2023, Mrs H undertook an income and expenditure (I&E) assessment with Vanquis. The result of that assessment was that Mrs H had more money going out each month than she had coming in. This meant that Vanquis were unable to accept any payment from Mrs H towards her account – because the I&E assessment showed that Mrs H couldn't afford to make any form of payment. And because Vanquis couldn't accept any form of payment from Mrs H, this meant that Mrs H's account would remain in arrears and, as those arrears increased, would move towards default.*

*Five days later, on 7 February, Mrs H undertook another I&E assessment with Vanquis wherein her monthly income had unexplainedly increased by £250, meaning that Vanquis deemed her to have £37 disposable income per month. Vanquis then agreed to a five-month payment plan with Mrs H wherein she would pay £50 per month and during which time no interest would accrue on the account, so that the account wouldn't fall further into debt.*

*Given the above, I question why Vanquis accepted Mrs H's sudden increase in income without apparent challenge. And I also question why Vanquis agreed to a £50 per month payment plan despite a (questionable) I&E assessment that only showed Mrs H as having £37 per month surplus. However, the result was that a £50 per month interest free plan was agreed, and Mrs H hasn't complained that this plan wasn't affordable for her.*

*On 28 February, Mrs H made the first payment of £50, as per the plan. But Mrs H didn't cancel a standing order that had been previously set up to make payments to the account. This was an error on Mrs H's part and it led to a further £130 being mistakenly paid to Vanquis on 1 March.*

*The following day, 2 March, Mrs H called Vanquis and asked for the £130 payment to be returned to her – to which Vanquis agreed. However, on 7 March, Vanquis sent a letter to Mrs H about the requested reimbursement which required a response from Mrs H before the reimbursement would be processed.*

*Vanquis' actions in this regard seem unreasonable to me. I say this because Mrs H had already clearly explained to Vanquis that she wanted the £130 paid back to her, and Vanquis had agreed to her request. As such, it's difficult to see why Vanquis implemented the seemingly unnecessary step of sending a letter that required a response, and it clearly ran the risk of Mrs H not responding to the letter, which is what happened – potentially because Mrs H never received that letter. All of which meant that Vanquis didn't then pay the £130 back to Mrs H as they'd promised they would.*

*On 21 March, Mrs H called Vanquis and asked why the reimbursement of the £130 was still outstanding. Vanquis explained that they'd been unable to proceed with the reimbursement because they hadn't received a response to the letter that they'd sent. Mrs H wasn't happy that Vanquis hadn't processed the reimbursement she'd requested, and which Vanquis had verbally agreed to, so she raised a complaint.*

*On 23 March, Vanquis reimbursed the £130 to Mrs H and paid her a further £50 as compensation for the delay. However, an intended consequence of Vanquis making the reimbursement to Mrs H was that Vanquis cancelled the five-month £50 payment plan that Mrs H was on and didn't reinstate it. This meant that Mrs H's account reverted to contractual payment terms without Mrs H knowing about it. This was a clear mistake on the part of Vanquis.*

*Mrs H then made further payments of £50 on 28 March and 28 April, in line with the plan she believed was still in place. However, because Mrs H's payments were less than the minimum contractually required payments, Vanquis considered Mrs H's account to have fallen further into arrears, and on 6 May they sent a message to Mrs H informing her of this.*

*Notably, when the payment plan was in place for Mrs H, the monthly statements showed that the minimum payment due was £50. But Vanquis sent monthly statements to Mrs H in April and May which included a required minimum monthly payment that was more than the £50 that Mrs H was expecting (£113.91 and £330.13 respectively).*

*As the account holder, Mrs H should have been reviewing these statements, regardless of any arrangements she believed were ongoing. Because of this, I feel that Mrs H should reasonably have contacted Vanquis and questioned the minimum payment amounts upon receipt of those statements, which would have highlighted Vanquis mistake.*

*Mrs H did contact Vanquis upon receipt of the 6 May message which told her that the arrears on her account were deepening, and the unintended cancelation of the plan was discovered as a result. Vanquis accepted their error in cancelling the plan, but they noted that Mrs H had used the credit card in April, which she wasn't allowed to do while on the plan, and which would have broken the plan at that time anyway, had it been in place.*

*Mrs H accepted her error in this regard, and Vanquis agreed to reinstate the plan and to extend the term until 1 September (which would mean that Mrs H would have paid £50 per month for seven months). Vanquis also agreed to adjust the balance of Mrs H's account in consideration of their mistake, and to not report any missed payments for Mrs H to the credit reference agencies for March and April. Mrs H then made the ongoing £50 payments (now scheduled for the first of each month) for June, July, and August, with one payment remaining to be paid on the plan on 1 September.*

*Following the reinstatement of the plan and the correction of the account balance, the balance of Mrs H's account as of the 9 July statement was £3,274.93, with a credit limit of £3,500 (although, as explained, Mrs H couldn't use the card while on the plan).*

*On 28 July, Vanquis mistakenly processed a payment of £130 from Mrs H's credit card*

account to Mrs H's current account, which she held with another provider. Vanquis listed this payment on Mrs H's credit card account statement as 'payment recalled', implying that Mrs H had requested it.

Mrs H has said that she didn't request this payment. Conversely, Vanquis said that Mrs H contacted them and explained that she still hadn't received the £130 reimbursement that was outstanding from March. But Mrs H had already received that payment, which should have been easily verifiable to Vanquis had they checked their records. Additionally, Vanquis have now provided full and detailed contact notes for Mrs H, which don't show any record of Mrs H contacting them in July 2023 and asking for £130 to be paid from her credit card account to her current account.

Accordingly, I'm not persuaded by Vanquis' claim that Mrs H requested this payment to her current account, and I feel it's likely that Vanquis mistakenly made this £130 payment in error and without Mrs H's consent – seemingly in a belated attempt to provide a £130 reimbursement to Mrs H that she had requested several months ago and which Vanquis had already provided to her.

While Mrs H received that £130 into her current account, I haven't been provided with anything that shows that Mrs H returned that money to her Vanquis credit account, as I would reasonably have expected her to have done. And Mrs H has confirmed that she wasn't immediately aware that Vanquis had made the unauthorised payment to her credit account, and that she ultimately utilised the money for spending.

On 7 August, Vanquis issued an account statement which showed the only activity on the account as being the unauthorised £130 payment from the account that they processed on 28 July, and the £50 payment into the account that Mrs H made on 1 August. And because of Vanquis' mistake in paying £130 from the account, and because Mrs H didn't return that £130 to the account, the balance of Mrs H's account increased by £80, to £3,354.93, rather than decreasing by £50 as it should have done.

While I feel that Vanquis made a clear mistake in processing the £130 payment without request or authorization from Mrs H, I would reasonably have expected Mrs H to have noticed the £130 payment coming into her current account unexpectedly, or to have reviewed the statement that showed the £130 leaving her Vanquis account. And given that Mrs H did receive the £130 into her current account and later spent it, I feel that both Vanquis and Mrs H bear some responsibility for the increase to Mrs H's credit account balance that occurred.

On 1 September, Mrs H made the final £50 payment on the plan. Shortly afterwards, on 6 September, Vanquis sent notice to Mrs H that her payment plan was ending and that contractual payment terms would resume.

On 7 September, Vanquis issued a statement to Mrs H that showed that the only activity on her account for the past month was the £50 payment she'd made on 1 September, so that her account balance reduced by £50 from £3,354.93 to £3,304.93.

Also on 7 September, Mrs H contacted Vanquis via online chat because she had then noticed the £130 unauthorised payment that Vanquis had made from her account on 28 July. This chat took place over several days, and in it Mrs H explained that she could only pay £50 per month for the next four months because she owed money on her priority bills (which notably is the same reason Mrs H gave Vanquis when she first set up the plan in February), but that after that time she should be able to resume making her contractual payments once more.

*The result of the chat was that Vanquis agreed extend the £50 per month plan for a further four months – until the end of the year. This meant that, when the extended plan came to an end, Mrs H would have been on an interest-free reduced payment plan on the account for eleven months.*

*Mrs H also questioned why the £130 payment had been made from her account on 28 July, meaning that her account balance wasn't reducing as it should have been. In response, Vanquis' agent incorrectly said that Mrs H had made a £180 payment in July and that £130 had been returned to her as a result. Mrs H corrected Vanquis' agent, who then made a further mistake and said that it was an interest reimbursement. Mrs H corrected Vanquis' agent again, and when Vanquis didn't reasonably explain what the £130 payment from her account related to, Mrs H raised a complaint (ref ending 898).*

*However, Vanquis' agent made a third mistake and raised Mrs H's complaint incorrectly, stating that the complaint was that Mrs H hadn't received £130 of the £180 that she'd been promised. This was clearly incorrect, and almost certainly led to Vanquis making further £130 payments from Mrs H's credit account to her current account that weren't requested or authorised by Mrs H – as will shortly be described.*

*Indeed, having reviewed this online chat between Mrs H and Vanquis, I find it impossible to conclude anything other than that the standard of service that Mrs H received on that chat was very poor. That being said, I would reasonably have expected Mrs H to have called Vanquis about this matter, rather than persisting with an online chat that spanned several days, and which was clearly not progressing as it should.*

*Following the incorrect raising of Mrs H's complaint, Vanquis then processed another payment of £130 from Mrs H's credit account to her current account on 28 September. As stated previously, this appears to have been an attempt by Vanquis to resolve the complaint that had been incorrectly raised by their agent. But because that complaint had been incorrectly raised, through no fault of Mrs H's (whose communication on the chat was clear and explicit) this amounted to a second unauthorised payment of £130 from Mrs H's account by Vanquis – in addition to the £130 payment from 28 July.*

*Inexplicably, Vanquis then made two more unauthorised payments of £130 from Mrs H's credit account to her current account – on 2 October and 4 October respectively – so that a total of £390 left Mrs H's credit account in quick succession. On 3 October, Mrs H returned one of the £130 payments from her current account to her credit account, which Vanquis recorded as a payment to the account. This was in addition to the £50 payment that Mrs H had made on 1 October, as per the agreed plan.*

*The three unauthorised payments of £130 each, increased the balance of Mrs H's account by £390 – from 3,304.93 to £3,694.93. And while Mrs H paid £50 and returned a further £130 to her account, this only reduced the balance of the account to £3,514.93, which meant that the balance on the account was now above the £3,500 credit limit. Although, clearly, given the unauthorised payments made by Vanquis, this wasn't Mrs H's fault.*

*However, matters are complicated by the fact that Mrs H made a payment of £9.49 from her account to an online retailer a few weeks earlier, on 13 September. As previously explained, a condition of the payment plan was that Mrs H couldn't use the card. Mrs H was aware of this, and she was also aware that using the card would invalidate the £50 per month plan that she was on.*

*As such, when Vanquis issued an account statement to Mrs H on 8 October, the £50 per month plan was no longer in place. This statement included the £9.49 payment to the online retailer, as well as the three separate unauthorised payments of £130 each and the credits*

to the account totaling £180. But because the payment plan was no longer in place, the statement also included interest on Mrs H's account balance totaling £94.05 and an overlimit charge of £12.

The overlimit charge was applied because the balance of Mrs H's account was listed as being £3,630.47, which was £130.47 over the £3,500 credit limit. And the statement said that Mrs H's minimum payment, to be paid no later than 2 November, was £342.25, which included the overlimit amount.

It's difficult not to conclude that both Mrs H and Vanquis were at fault here, to differing degrees. I say this because had Vanquis not made the unauthorised payments, Mrs H would still have broken the payment plan by making the purchase from the online retailer, regardless of the balance of her account. However, Vanquis' mistake in making three new unauthorised payments from Mrs H's account, taking their total number of unauthorised payments to four, is clearly more egregious. Although it must be noted that while Mrs H received three payments of £130 into her current account in quick succession, she only returned one of those payments to her Vanquis credit account, rather than all three as I would reasonably have expected her to have done.

On 13 October, Mrs H sent a message to Vanquis via online chat outlining her concerns and asking Vanquis to call her. Vanquis did try to call Mrs H the following day, but were unsuccessful, and so sent Mrs H a message providing the details for her to call them. This doesn't seem unreasonable to me, and while I acknowledge that it would have been inconvenient for Mrs H to have called Vanquis, I would have expected her to have done so, given the severity of the situation.

On 19 October, Vanquis responded to the complaint that had been incorrectly raised for Mrs H. In their response, they said that Mrs H's complaint was that a refund of £130 that she'd requested in March hadn't been completed. This was incorrect. Vanquis also said that to put things right, Mrs H wanted Vanquis to complete the £130 reimbursement as soon as possible. This was also incorrect. Vanquis then confirmed that the £130 had been reimbursed back to Mrs H on 4 October but made no mention of the other unauthorised payments that took place on 28 July, 28 September, and 2 October. Finally, Vanquis offered to pay £75 compensation to Mrs H for the delay in reimbursing the £130 to her, and asked Mrs H to provide details of the bank account she wanted that £75 paid to.

Vanquis then sent a series of letters to Mrs H about the later complaint (ref ending 525), culminating in a formal complaint response issued on 10 November wherein they said they accepted they got things wrong regarding £130 being reimbursed to Mrs H on five occasions, rather than just once, and that Mrs H's £50 per month plan was cancelled in error.

Vanquis said that the reason five reimbursements had been made was because every time a reimbursement took place Mrs H had told them she hadn't received it. This statement isn't supported by the detailed account notes that Vanquis have now provided to this service, and is clearly a mistake built on earlier mistakes where Vanquis had misunderstood Mrs H.

Vanquis then explained that they were satisfied that Mrs H had received all five payments of £130 into her current account, which I also accept. And Vanquis accepted that they should have checked whether the £130 had already been paid to Mrs H before making the second, third, fourth, and fifth payments.

Vanquis then explained that, regarding Mrs H's account balance, they felt that it was correct. This was because Mrs H had received all the £130 reimbursements to her current account and hadn't returned all of them to her Vanquis account. Vanquis also said that Mrs H had

*used the card throughout this period, which was incorrect (Mrs H had only made two transactions, one in April and one in August), but acknowledged that the payment plan had been cancelled in error and said that £176.78 had been credited back to Mrs H to account for any incorrect interest charged (although it's unclear whether this is in reference to this complaint or the earlier one). Finally, Vanquis offered to pay £50 compensation to Mrs H and again asked for her bank account details for that payment to be paid.*

*Mrs H responded to Vanquis that same day and said that Vanquis' understanding of her complaint was incorrect. Mrs H explained that she spoke to Vanquis about the mistakenly paid £130 back in February but that the reimbursement of that amount had been received in March. Mrs H then explained that following that reimbursement, she didn't contact Vanquis again asking for any further reimbursements and that she felt that all four subsequent unauthorised reimbursements were admin errors on Vanquis' behalf. Mrs H also confirmed that she had received all the reimbursements and that her complaint was that she had received four reimbursements that she hadn't requested, which have left her credit account over limit, and which she is now being charged interest on. Finally, Mrs H said that the reason her Vanquis account was overlimit was because of Vanquis' mistakes.*

*I can appreciate Mrs H's frustration here, and if she had followed what I feel was the obvious course of action here – which was to return all four unauthorised £130 reimbursements back to her Vanquis credit account – then I would side unequivocally with her. But Mrs H didn't return all four of the unauthorised £130 payments but only returned one of them, thus retaining the other three in her current account. Because of this, I don't accept Mrs H's argument that Vanquis were 100% to blame for her being overlimit. Instead, I feel that both Vanquis and Mrs H share accountability the credit account balance going overlimit – Vanquis for sending the money from the account without authorisation, and Mrs H for not returning it to the account.*

*The key point of consideration in my taking this position is that the payments of £130 weren't lost – Mrs H had them in her current account. And if Mrs H had returned all the payments then I feel that Vanquis should then have undertaken the corrective action of reinstating the payment plan they'd previously agreed to and removed any interest and charges that Mrs H may have incorrectly incurred, as well as paid compensation to Mrs H for her trouble and inconvenience.*

*By not returning the payments that she'd received to her Vanquis account, I feel that Mrs H tacitly accepted the increase to her credit account balance that occurred as a result. And if it was the case that Mrs H felt that Vanquis should credit the £130 payments to her credit account while she kept three of those payments in her current account, effectively amounting to Vanquis giving her £390 of 'free' money, then I feel that Mrs H's expectation in that regard was unreasonable.*

*A few days before issuing their complaint response on 10 November, Vanquis sent an account statement to Mrs H dated 7 November. This account statement showed that Vanquis hadn't reinstated the £50 per month payment plan and were administering Mrs H's account under standard contractual terms. The statement also showed that Mrs H had made her £50 payment on 1 November, but that Vanquis had charged £115.76 interest on her account balance and applied a £12 overlimit charge. This meant that Mrs H's account balance increased to £3,708.23, which was £208.23 overlimit. And because Mrs H's £50 payment was less than the contractually required minimum payment as per the previous statement, Vanquis sent a missed payment letter to Mrs H on 10 November.*

*A similar sequence of events took place in regard to the following months statement, issued on 7 December, wherein Mrs H again paid £50 and Vanquis again applied interest to the account, this time of £113.87 (although confusingly, they didn't apply an overlimit charge).*

*This increased the balance of Mrs H's account to £3,772.10 – now £272.10 overlimit. Mrs H engaged with Vanquis again via online chat in December and again experienced the same problems she had experienced when trying to communicate by chat with Vanquis before – long delays in receiving responses, receiving responses from different agents, and agents misunderstanding her concerns. From an impartial perspective, it again seems to me that both Vanquis and Mrs H should reasonably have acted differently here. Vanquis should have provided a better standard of service, but conversely, having received very poor service from Vanquis previously when trying to engage with them by chat, I question why Mrs H continued to use a communication channel she knew was flawed and didn't instead call Vanquis and speak with an agent directly.*

*This chat culminated with Mrs H receiving a call from a manager on 27 December, wherein the manager apologised for Vanquis' mistakes and agreed to reimburse £347.68 of interest and charges applied to the account since October 2023 (when the extended payment plan should have been in place) and set Mrs H up on a further four month £50 payment plan with payments due at the start of January, February, March, and April. This meant that, at the end of this further extended plan, Mrs H would have effectively been on an interest free £50 per month payment plan for a year and three months, since February 2023.*

*Vanquis then issued a statement to Mrs H on 7 January 2024 which confusingly included eleven late payment charges of £12 each, totaling £132, and 38 refunds of £12, totaling £458, which, alongside Mrs H's payment of £50, reduced Mrs H's account balance by £376, reducing the balance from £3,772.10 to £3,398.10.*

*Was this adjusted balance correct? Mrs H should have been on an interest free £50 per month payment plan since February 2023, when her account balance at the start of that plan was £3,423.25. Mrs H then made £50 payments at the start of every subsequent month, from March 2023 to January 2024 – equating to ten payments totaling £500. However, Mrs H also received £390 of unauthorised reimbursements from Vanquis that she didn't return to her credit account. As such, it seems to me that Mrs H's balance should have reduced by £110 since she started the plan, as all interest and charges since February 2023 should have been reimbursed back to her. This means that Mrs H's account balance should have been £3,313.25 – which is £84.85 less than the £3,398.10 her account was adjusted by Vanquis.*

*Then, inexplicably, on 19 January, Vanquis processed another unauthorised reimbursement of £130 from Mrs H's credit account to her current account. This payment was received by Mrs H into her current account but again wasn't returned to her Vanquis account by her, although in this instance it didn't affect the £50 per month payment plan that remained in place. Vanquis then issued an account statement to Mrs H that showed her making the agreed £50 payment alongside the unauthorised £130 reimbursement which meant that her account balance increased from £3,398.10 to £3478.10 – just 21.90 below her credit limit.*

*Even more concerningly, on 5 February, Vanquis processed an unauthorised payment of £400 from Mrs H's account to the account of an unknown third party. I've recently engaged with Vanquis about this £400 payment, and a later payment of £100 that Vanquis also sent from Mrs H's account to an unknown third party, and Vanquis have accepted that they did process these payments from Mrs H's accounts without authorization to unknown third-party recipients.*

*The unauthorised payment of this £400 meant that when Vanquis issued the next account statement, Mrs H's account balance had increased by £350 (with Mrs H's £50 payment taken into consideration) so that it now stood at £3,828.10 – which was £328.10 overlimit. Notably, however, Vanquis didn't apply any interest or charges to Mrs H's account balance*

on this statement.

*Mrs H has said that she noticed this £400 charge on her credit account, and that the amount hadn't been received by her into her current account, and she questioned Vanquis about this on 19 February, but received no response. Vanquis' notes don't show any form of contact from Mrs H on 19 February. Notably, by this time Mrs H had referred her complaint to this service, and around 19 February she did respond to an email sent by this service and asked why Vanquis had processed another £400 from her account. Looking at this email to this service, it seems as though Mrs H mistakenly believed she was emailing Vanquis.*

*At that time, Mrs H's complaint was still in the process of being set up by our admin team (at that time, we still required Mrs H to complete a complaint submission form). Our admin team replied to Mrs H's email and confirmed that the contents had been noted and reiterated that we were still waiting for Mrs H to complete the necessary form. Unfortunately, this means that it seems likely that Mrs H didn't communicate with Vanquis about the £400 payment in February as she believed she had, although I would reasonably have expected Mrs H to have followed up with Vanquis about this matter when she didn't receive a response to the message she thought she had sent to them.*

*Mrs H made the last payment of her four-month £50 payment plan on 29 March (for the payment due 1 April). This meant that the payment plan ended and her account reverted to contractual terms. As a result, when Vanquis issued their account statement on 7 April it included £37.55 interest (accrued since the start of April when the plan ended) and an overlimit fee of £12. This combined amount of £49.55 largely negated the £50 payment that Mrs H had made on 29 March, so that the overall account balance only decreased slightly, to £3,827.65, which was £427.65 overlimit.*

*This statement said that Mrs H needed to pay £490.54 by 2 May, which comprised of the £327.65 Vanquis incorrectly considered Mrs H to be overlimit by (given the unauthorised £400 payment) alongside the minimum payment amount of £162.89. However, on 30 April, Mrs H made another payment of £50 – even though her £50 plan had ended, and even though she hadn't arranged a further extension of that plan with Vanquis.*

*Because of the position of Mrs H's account, Vanquis sent account arrears correspondence and notifications to her. Mrs H engaged with Vanquis, again by online chat, on 1 May and told them that the account was being investigated by this service and that the charges on the account and the balance of the account were incorrect. Mrs H appears to have been of the belief that Vanquis couldn't proceed with collections and recoveries action against her because this service was now assessing her complaint. However, this belief was mistaken, and while this service can request that a business doesn't proceed with such activity while a complaint is with us, it is for the business to decide whether to accept that request and to pause collections and recovery activity or not.*

*Vanquis then issued a statement to Mrs H on 7 May which showed the £50 received from Mrs H alongside £113.40 accrued interest and an overlimit charge of £12. This meant that the balance of Mrs H's account increased from £3,827.65 to £3,903.05. The statement also said that Mrs H now needed to pay £641.78 by 3 June.*

*Upon review, it seems to me that after she referred her complaint to this service, Mrs H appears to have stopped trying to resolve matters with Vanquis directly. Furthermore, by her own admission, given that Mrs H felt the account balance was incorrect, she decided to keep paying the £50 per month, even though a continuation of the £50 plan hadn't been agreed with Vanquis.*

*I'm sympathetic with the frustration that Mrs H must have felt at this time, but I continue to*

*feel that Mrs H could and reasonably should have engaged with Vanquis differently throughout these events. For instance, had Mrs H spoken with Vanquis by telephone, rather than relying on online chat, matters may have progressed differently. With this in mind, I note that Vanquis called Mrs H on 2 May, but Mrs H refused to go through the security questions with them, which meant that the call couldn't proceed.*

*I also don't feel that Mrs H's expectation that she could continue to pay £50 per month on this account without formally arranging that with Vanquis was reasonable. And if Mrs H wasn't willing to engage with Vanquis, I would have expected her, as a minimum, to have paid the payments required on the account as per the account statements, with her account balance to be potentially adjusted later in resolution of her complaint. And if Mrs H couldn't afford to make those payments, then I feel that she should reasonably have engaged with Vanquis, preferably by telephone, and arranged for a formal extension of the £50 per month plan.*

*Matters aren't improved by Vanquis making yet another mistake on 29 May, when they processed a payment of £100 from Mrs H's account, without Mrs H's authorization, to an unknown third party. This meant that Vanquis had, in total, processed seven unauthorised transactions from Mrs H's account, including five instances of £130 that were sent to Mrs H's current account, and payments of £400 and £100 that were sent to unknown third parties.*

*Two days later, on 31 May, Vanquis called Mrs H, who again told Vanquis that this service was assessing her complaint and that Vanquis shouldn't be contacting her. Vanquis' agent placed a 30-day temporary hold on Mrs H's account as a result – until 30 June. Then, on 4 June, Mrs H noticed the further £100 that had been processed from her account by Vanquis. However, Mrs H doesn't appear to have contacted Vanquis about the matter but instead notified this service via an email sent to our investigator.*

*On 9 June, Vanquis issued an account statement which showed that Mrs H had made a £50 payment on 30 May but also showed the unauthorised £100 payment and £126.92 interest, which took Mrs H's account balance up to £4,079.97. The statement said that Mrs H needed to pay £825.48 immediately to recover the position of her account, and it also explained that to prevent potential legal action against her, Mrs H needed to either clear the account arrears or call Vanquis to discuss the situation.*

*On 26 June, Vanquis messaged Mrs H via online chat and explained that the 30-day hold on her account was coming to an end. Mrs H responded and again told Vanquis that her complaint about her account was being assessed by this service. In response, Vanquis explained to Mrs H that they wouldn't be pausing arrears and collections activity on her account while her complaint was with the Financial Ombudsman Service, and that her account was in danger of being defaulted for non-payment as a result.*

*Mrs H then responded and explained that she was unwilling to pay charges on her account that had no right to be there (such as the £400 and £100 unauthorised payments) and that until the matter was fully resolved, she would only pay £50 per month. Vanquis agent then tried to engage with Mrs H so that they could formally agree a new £50 per month payment plan, but Mrs H refused to answer any of the agents' questions. Again, while I can appreciate Mrs H's frustration, I don't feel that the position she took with Vanquis at this time was reasonable.*

*In response to Mrs H's lack of meaningful engagement with them, Vanquis issued a default notice to her on 5 July. Mrs H forwarded that default notice to our investigator, who on 18 July sent their initial thoughts about the complaint and a detailed request for further information to Vanquis, alongside a request for Vanquis to pause all collections and recoveries action against Mrs H until this service's assessment had concluded. However,*

*Vanquis didn't respond to our investigator for several months, until 7 November, by which time they had already defaulted Mrs H's account – which they did on 3 October.*

*On 5 December, our investigator issued a view on this complaint. They felt that Vanquis had acted unfairly and noted that their investigation had been hampered by Vanquis' poor standard of communication and excessively long response times with this service. Our investigator recommended that Vanquis rescind the default and report that Mrs H had been in an agreed payment plan from March 2023 to date. They also said that Vanquis should repay the £400 processed in error to an unknown third party, agree a new payment plan with Mrs H to allow her time to recover the position of her account, and remove any interest, fees, and charges, that had been applied to Mrs H's account incorrectly. Finally, our investigator said that Vanquis should pay £350 compensation to Mrs H for what happened.*

*Mrs H responded to the view but noted that it didn't include reference to the later unauthorised payment of £100 or the earlier one of £130 (which has since been confirmed as having been received by Mrs H). Vanquis also responded and said that they felt the £350 compensation amount was excessive and suggested that £150 was a more appropriate amount. Our investigator responded to Vanquis and confirmed that £350 was the compensation amount Vanquis would have to pay if they wanted to accept the investigator's recommendation and also asked Vanquis about the £100 and £130 payments.*

*Vanquis responded to our investigator and said they accepted the £350 compensation amount and that they were happy to accept the investigator's view. However, they didn't provide any answer to the question about the £100 and £130 payments. Vanquis finished the response by asking for confirmation from the investigator that Mrs H accepted the view and said that if it was confirmed to them that Mrs H did so, that they would take the appropriate further action.*

*Our investigator replied to Vanquis later that same morning and noted that Vanquis hadn't mentioned the £100 or £130 payments and that it was unclear what further action Vanquis were potentially agreeing to take. For clarity, our investigator said that their recommendation was that Vanquis should pay £630 to Mrs H (which incorrectly included the £130 reimbursement from 19 January 2024 that had been received by Mrs H), rescind the default and amend the credit file reporting, agree a new payment plan, reimburse any incorrect interest, charges, and pay £350 compensation.*

*Even though our investigator replied to Vanquis approximately an hour after they sent their email to him, Vanquis didn't respond to our investigator for over a month despite several chases by our investigator. When Vanquis did then respond, they provided a two-sentence email which said that they had completed all the recommendations put forward by our investigator but didn't confirm what specific actions they had taken.*

*Upon further chasing from our investigator, Vanquis explained that they had made an ex-gratia payment of £1,148.94 to reduce the balance of Mrs H's account to £2,645.51. Vanquis also said that they had paid £350 compensation to Mrs H and had written to her asking her to contact them to set up a new arrangement, but that as yet Mrs H hadn't done so. Vanquis said that they were unwilling to remove the default until Mrs H spoke with them because if they did, and no arrangement was in place, the account would likely default again – although why Vanquis thought this would be the case, given that the account balance was now far below the credit limit and given that Mrs H may have been able to afford the required minimum payments, is unclear.*

*It was also unclear what the £1,148.94 ex-gratia payment Vanquis made was inclusive of, and our investigator responded to Vanquis and asked whether they had addressed the £630 reimbursement of unauthorised payments he had recommended in his view. In response,*

*Vanquis sent 'evidence' of the payments being returned to Mrs H, which was simply a list of the payments and the dates they were processed without authorisation, and which didn't include any evidence that the payments had been refunded back to Mrs H's Vanquis credit account. Our investigator queried this point with Vanquis but, again after a notable delay, they received a similar response from Vanquis which was again lacking in detail or clarity.*

*This complaint was then escalated to myself, and I asked Vanquis to provide specific information so that I could better understand what had happened. Vanquis didn't meaningfully respond to my request for several months, despite numerous chases from our investigator.*

*Given the lack of meaningful engagement by Vanquis, I issued a provisional decision in which I explained that in the absence of meaningful engagement or the requested information from Vanquis I was unable to assess whether Vanquis had fairly administered Mrs H's account. I therefore said that if Vanquis weren't willing to meaningfully engage with this service or provide the information requested, they should write off Mrs H's account balance in full, correct Mrs H's credit file, and pay further compensation to her. Although I explained that if Vanquis did meaningfully engage with this service, and did respond to our information requests, then I would of course conduct an updated assessment of this complaint which may change my position.*

*In response to my provisional decision, Vanquis did then provide the information that I had requested several months previously. This meant that I was able to conduct a more thorough assessment of Mrs H's complaint, and this led to me to issue an updated provisional decision.*

*In that provisional decision, I outlined the incredibly poor standard with which Vanquis had administered Mrs H's account. But I also noted that Mrs H could and reasonably should have acted differently here, especially regarding her not returning the majority of the unauthorised reimbursements she did receive into her current account back to her Vanquis credit account.*

*However, it's now evident that there were still some aspects of what had happened that I had an incorrect understanding of. For instance, at that time, I believed that Mrs H had received all the reimbursements – including the £400 and £100 – into her current account, and it was only when Mrs H challenged my updated provisional decision, and after I requested further information from Vanquis about these payments, that the true picture emerged. As such, I feel that when I issued this updated provisional decision, I didn't have as clear an understanding of what had happened as I now do, after further information has been received.*

*Accordingly, in the following section, I will not refer to my earlier provisional decisions, but will effectively 'start again', and explain what I feel would represent a fair resolution to this complaint from scratch.*

### **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.

My provisional decision then continued as follows:

*It's starkly clear that Vanquis have made a series of errors in their administration of Mrs H's account and have provided a very poor standard of service to her. However, I also feel that Mrs H has contributed to what's happened here in how she's responded to those mistakes, including not returning money she received into her current account to Vanquis, in how she*

*chose to communicate with Vanquis, and in what I feel is the unreasonable position she's taken regarding making payments to her account.*

*So, what do I feel would be a fair outcome here. Well, the first question I must address is whether it's fair that Mrs H's Vanquis credit account is defaulted.*

*When Vanquis issued a default notice to Mrs H, which they did on 5 July 2024, the balance of Mrs H's account, as per the June account statement, was £4,079.97, which was £579.97 over the agreed credit limit. However, this balance included £500 of unauthorised payments that Vanquis had sent from Mrs H's account to an unknown third party.*

*Importantly, the £50 per month payment plan that Mrs H had agreed with Vanquis and extended on several occasions had come to an end at the start of April. This meant that for the payments due on 1 May, 1 June, and 1 July, Mrs H's account was under the standard contractual payment terms, meaning that Mrs H had to make at least the minimum monthly payments as outlined on the account statements. But Mrs H didn't do so and instead continued to pay £50 per month.*

*Mrs H's argument is that the account balance was incorrect, and that as such the requested minimum payment amount was also incorrect. Mrs H is correct. The £400 unauthorised payment was made on 5 February 2024. But Mrs H noticed that unauthorised payment in February and (seemingly by mistake) emailed this service about it, believing that she was messaging Vanquis.*

*As explained, I would reasonably have expected Mrs H to have contacted Vanquis about this matter, especially as her £50 payment plan was ending. But not only did Mrs H not do so, she also then took the position of refusing to engage with Vanquis on the basis that this service was considering her complaint. But Mrs H's contractual payment obligations on the account remained valid even while her complaint was with this service. And, ultimately, I don't feel that Mrs H's position that she would continue to pay £50 per month and not engage with Vanquis directly was reasonable – especially as £50 per month was significantly below what the minimum monthly payment amounts would have been, had the account balance been correct.*

*When Vanquis defaulted Mrs H's account in October 2024, Mrs H hadn't made a monthly payment in accordance with the contractual terms for six months, even had the balance of her account been correct. Had Mrs H meaningfully engaged with Vanquis about the matter and made more appropriate payments during that time, I may feel differently about the defaulting of her account. But even in consideration of Vanquis' administration mistakes it's difficult for me to feel that an instruction to Vanquis to rescind the default would be fair, because Mrs H knowingly made payments that didn't meet or come close to the correct minimum payment requirements and didn't meaningfully engage with Vanquis about this issue, despite Vanquis' attempts to contact her.*

*For these reasons, I won't be instructing Vanquis to rescind the default here, because I feel that it is fair that Mrs H's account has been defaulted for non-payment, given what I've explained above. I appreciate that this may be upsetting for Mrs H, but I can only reiterate that her contractual payment obligations to Vanquis weren't suspended or diminished in any way because her complaint was being considered by this service.*

*But I do feel that Vanquis need to address the balance of Mrs H's defaulted account debt and pay substantial compensation to her for the mistakes that they've made and the poor service that they've provided to her.*

*Vanquis have already undertaken some corrective action on Mrs H's account, including a*

*payment of £1,148.94 to reduce the balance of the account. But Vanquis have now confirmed that that payment was not in reference to the £400 and £100 unauthorised payments that they made to a third-party account. Accordingly, Vanquis must credit that combined amount of £500 back to Mrs H's account balance.*

*Given the complexity of what's happened to Mrs H's account balance, Vanquis must also complete a full and detailed balance calculation from February 2023 to date. This must include that Mrs H was on an interest free £50 per month payment plan from March 2023 to April 2024, and wherein the unauthorised payments of £400 and £100 that were made to a third-party account were never made.*

*The result of this calculation should then be compared with the defaulted balance of Mrs H's account and any appropriate adjustments to Mrs H's outstanding balance must be made. All interest and fees (including over-limit, late payment, and any default-related charges) that would not have arisen under the corrected scenario must be refunded or removed as part of the balance adjustment.*

*Vanquis should also make any necessary adjustments to Mrs H's credit file reporting, such as ensuring that the payment plan duration is reported correctly and the correct account balances and arrears amounts are reported correctly, if appropriate.*

*Furthermore, while Vanquis have already paid £350 to Mrs H as compensation for the trouble and upset that she'd incurred here, I don't feel that this amount is fair or reasonable given the prolonged and compounding nature of Vanquis' mistakes or the very poor standard of service that Mrs H has received from them. Accordingly, my provisional decision also includes that Vanquis must pay a further £500 to Mrs H, in addition to the £350 that they've already paid, which I feel provides fair compensation to Mrs H for the frustration and inconvenience that she's experienced.*

*Finally, after completing the recalculation of Mrs H's account from February 2023 to date, Vanquis should confirm the minimum monthly payment amounts that Mrs H should have had to pay for the six months May through October 2024 – the months that Mrs H paid £50 and which contributed to the defaulting of her account.*

*I instruct this exercise because I feel that it needs to be confirmed that in making payments of only £50, Mrs H was making payments that were significantly below the contractually required amount. However, if it transpires that payments of £50 were not as detrimental as I anticipate, so that, for instance, Mrs H's account wasn't in a position of being at least three full months in arrears (in monetary terms) when the account was defaulted in October 2024, I reserve the right to reconsider this aspect of Mrs H's complaint.*

\*\*\*

Vanquis responded to my provisional decision and confirmed their acceptance of it. Mrs H also responded and raised several objections to it, the first being that she feels it's unfair that her account remain defaulted when the reason it was defaulted was solely because of mistakes made by Vanquis.

I don't agree with Mrs H's assessment of this matter. Instead, I feel that while Vanquis did make the initial mistakes here, by processing payments from Mrs H's account that they shouldn't have done, the later actions of Mrs H subsequent to Vanquis' mistake mean that the default should fairly remain in place.

Specifically, Mrs H could have avoided the defaulting of her account by returning all of the unauthorised payments she received into her current account back to her Vanquis account. Mrs H has said that at no point was her account over the credit limit because of anything that

she did. But when Mrs H's account first went over the £3,500 credit limit, in September and October 2024, one of the reasons that the account was over limit was because Mrs H hadn't returned several of the £130 payments that she'd received into her current account back to her credit account.

Mrs H could also have made the contractually required payments to the account when the £50 payment plan ended and then sought an adjustment from Vanquis in her favour if it was later determined that those contractual payments were based on an incorrect total account balance. Finally, I continue to feel that Mrs H could and reasonably should have meaningfully engaged with Vanquis during the time that they tried to contact her about the pending default status of her account.

I want to be very clear here – Vanquis are the root cause of everything that happened. And it's for that reason I'm awarding substantial compensation to Mrs H. But as an impartial party, favouring neither Mrs H nor Vanquis, I have to take the position that Mrs H's actions in response to Vanquis' mistakes are important, in consideration of the overall picture. And so, while Vanquis did make the initial mistakes, I feel that the fact that Mrs H's account was defaulted was the result of both Vanquis mistakes and Mrs H's later actions in response to them, and I feel that Mrs H could and reasonably should have mitigated against and avoided the defaulting of her account by acting differently to how she did.

I appreciate that matters have been confused by the long running nature of this complaint and the time it has been with this service. But I don't feel that I can reasonably say that the default is unfair when Mrs H didn't return money to the account as she could have done, didn't make the contractually required payments when the £50 payment plan ended, and didn't meaningfully engage with Vanquis when they tried to contact her and explain to her that her account was in danger of being defaulted.

I also note that Mrs H has referred to a decision issued by this service in December 2024. I'd therefore like to clarify that what Mrs H received in December 2024 was a view of this complaint sent by an investigator – at a time before this complaint had been escalated to an ombudsman. Views are informal, and both Mrs H and Vanquis were under no obligation to accept it, with the letter explaining at the end that if the view wasn't accepted the case could be escalated to an ombudsman for a decision. Accordingly, the position expressed in that view was not binding on Mrs H or Vanquis, and indeed, both Mrs H and Vanquis have liaised with this service on an ongoing basis since that view was issued.

Mrs H has also provided a calculation of what she feels the balance of her account should be, which by that calculation should be considerably lower than the credit limit on the account. I'm not convinced by Mrs H's figures and have explained my understanding of the movements of the account in the preceding section. But it must be noted that Vanquis defaulted Mrs H's account because she didn't make the minimum contractually required payments due on the account after the £50 per month payment plan ended, but instead continued to pay £50 per month without obtaining consent from Vanquis to continue to pay that lower amount. And Vanquis' defaulting of the account in these circumstances doesn't feel unfair to me.

All of which means that my position on this complaint remains as I explained it in my provisional decision above. I realise that Mrs H likely won't be satisfied by my decision, but I hope that she'll understand, given all that I've explained, why I've made the final decision that I have.

### **Putting things right**

Vanquis must credit the unauthorised payments of £400 and £100 that they sent to a third-

party account back to Mrs H's account.

Vanquis must also complete a full and detailed balance calculation from February 2023 to date. This must include that Mrs H was on an interest free £50 per month payment plan from March 2023 to April 2024, and wherein the unauthorised payments of £400 and £100 that were made to a third-party account were never made.

The result of this calculation must then be compared with the balance of Mrs H's account as Vanquis have it and any appropriate adjustments to Mrs H's outstanding balance must be made. All interest and fees (including over-limit, late payment, and any default-related charges) that would not have arisen under the corrected scenario must be refunded or removed as part of the balance adjustment.

Vanquis should also make any necessary adjustments to Mrs H's credit file reporting, such as ensuring that the payment plan duration is reported correctly and the correct account balances and arrears amounts are reported correctly, if appropriate.

Vanquis must pay a further £500 compensation to Mrs H, in addition to the £350 that they've already paid. This £500 must be paid to Mrs H directly and may not be used to reduce the outstanding balance on Mrs H's account unless Mrs H gives her permission for Vanquis to do so.

Finally, after completing the recalculation of Mrs H's account from February 2023 to date, Vanquis must confirm the minimum monthly payment amounts that Mrs H should have had to pay for the six months May through October 2024 – the months that Mrs H paid £50 and which contributed to the defaulting of her account. Vanquis must confirm the results of this calculation to both Mrs H and this service.

I instruct this exercise because I feel that it needs to be confirmed that in making payments of only £50, Mrs H was making payments that were significantly below the contractually required amount. However, if it transpires that payments of £50 were not as detrimental as I anticipate, so that, for instance, Mrs H's account wasn't in a position of being at least three full months in arrears (in monetary terms) when the account was defaulted in October 2024, I reserve the right to reconsider this aspect of Mrs H's complaint.

### **My final decision**

My final decision is that I uphold this complaint against Vanquis Bank Limited on the basis explained above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H to accept or reject my decision before 4 February 2026.

Paul Cooper  
**Ombudsman**