

The complaint

Miss H is unhappy that Vanquis Bank Ltd refused to refund a transaction she said she didn't authorise.

What happened

Shortly after applying for a credit card in March 2025, Miss H contacted Vanquis to report an unauthorised transaction of £1,998.60 on her account.

Vanquis said Miss H activated her card by phone on the same day the disputed transaction was made. Miss H denies activating the card and said she hadn't received a copy of her card or PIN when the transaction occurred.

As Vanquis' system showed Miss H's card and PIN was used, they concluded the transaction was authorised and didn't refund Miss H.

One of our Investigators looked into the matter but didn't uphold Miss H's complaint. In summary, the Investigator thought Miss H authorised the transaction because it was made using her card and PIN. The Investigator was also satisfied that Miss H activated the card.

Miss H rejected the Investigator's view and said she didn't activate the card. Miss H later provided a copy of her phone bill which showed there was no call made to Vanquis that correlated with the date and time the card was activated.

After reviewing the file, I wrote to Vanquis to explain why I was minded to reach a different outcome to the Investigator and gave Vanquis a final opportunity to provide more information.

What I said to Vanquis

I explained to Vanquis that I'd not seen sufficient evidence to show the payments were authorised by Miss H. For this reason, I told Vanquis that I was planning to uphold Miss H's complaint and direct them to:

- Refund £1,998.60 to the account
- Rework the account as if the disputed transaction never occurred, including a refund of any interest accrued on the amount
- Pay 8% simple interest on any credit balance

I didn't receive a response from Vanquis.

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.

When deciding this complaint, I have given regard to the relevant rules and regulations. Under the rules, Miss H can generally only be held liable for transactions that were properly authenticated and authorised – meaning transactions that were made using one of Miss H's payment tools and with her consent.

I've reviewed evidence from Vanquis's internal system which shows that the transaction was made using Miss H's card and PIN, so I'm satisfied that the transaction was properly authenticated.

But evidence of authentication alone isn't sufficient for Vanquis to hold Miss H liable. There must also be evidence that Miss H either made the transaction herself or authorised a third party to make it on her behalf.

Miss H has consistently said that she didn't process the transaction and I have no reason to doubt what she's said.

Vanquis have said Miss H's card was activated during a call and that the call originated from Miss H's registered number. Vanquis provided a copy of an internal note as evidence. Despite requests, Vanquis have not provided a copy of this call recording or any more evidence relating to this call.

Miss H has consistently denied making the call and activating the card and has recently provided a copy of her phone bill which shows that her number, which matches the number on Vanquis' records, was not used to make a call to Vanquis on the date and time the card was activated.

On one hand I have Vanquis telling me the card was activated using Miss H's registered phone number and, on the other, I have Miss H's phone records showing me this wasn't the case. So, on balance, I'm not persuaded Miss H activated the card.

Whilst I'll never know exactly what happened, I'm not persuaded the evidence supports Vanquis' stance that Miss H authorised the transaction. My role is to decide whether Miss H authorised the payment and me deciding she didn't isn't reliant on me forensically investigating or explaining how a third party was able to complete the transaction.

Miss H has said someone must have impersonated her. And it doesn't seem implausible to me that a third party could have compromised Miss H's card and spoofed her number to present as though it was Miss H activating the card. This would explain why Vanquis' system would record Miss H's phone number being used to activate the card despite Miss H's phone records showing the call didn't originate from her phone.

For the reasons above, the evidence doesn't persuade me that Miss H authorised the disputed transaction and so it follows that Vanquis shouldn't hold her liable for it.

My final decision

My final decision is that I uphold Miss H's complaint.

To resolve Miss H's complaint, I direct Vanquis Bank Ltd to pay Miss H:

- Refund £1,998.60 to the account
- Rework the account as if the disputed transaction never occurred, including a refund of any interest accrued on the amount
- Pay 8% simple interest on any credit balance

If Vanquis considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Miss H how much it's taken off. It should also give Miss H a tax deduction certificate if she asks for one so she can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 19 March 2026.

Freyja Dudley
Ombudsman