

complaint

Mr C complains that Vanquis Bank Limited (“Vanquis”) allowed a fraudster to apply for a credit card in his name.

background

Someone fraudulently applied for a credit card from Vanquis using Mr C’s name and his previous address. The fraudster received the card and used it to make transactions. When Mr C discovered that someone had impersonated him, he alerted Vanquis which investigated the matter and confirmed that the card had been obtained fraudulently. The bank closed the account and arranged for Mr C’s credit file to be corrected. He was not held liable for any of the spending on the card.

Mr C complained that Vanquis had not carried out enough security checks when the card application was submitted. He said it should have picked up that his old address had been used. He also said that the card activity had affected his credit rating and he was therefore denied borrowing, so he had to re-mortgage his home, which had a significant financial impact.

Our adjudicator did not recommend that the complaint should be upheld. In summary, she gave these reasons:

- When Vanquis processed the application, it checked the applicant’s credit file with a credit reference agency. That check did not show anything suspicious. That was not the bank’s fault.
- When Mr C became aware of the fraud, Vanquis investigated the matter then wrote off the debt and corrected his credit file. That is what this service would expect the bank to do under the circumstances.
- Any further inconvenience Mr C suffered was the result of the fraudster’s actions, not the bank’s.

Mr C disagreed with the adjudicator’s conclusions and asked for the case to be reviewed by an ombudsman. He asked for compensation of £300,000.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. Having done that, I have come to the same conclusions as the adjudicator and for much the same reasons.

Mr C was the victim of identity theft. I can understand why he is unhappy that it happened. What I must determine is whether it was the bank’s fault and whether the bank did enough when the fraud was reported.

The fraudster somehow obtained Mr C’s personal information in order to make the card application – including his old address. This did not show up when the bank made a check with the credit reference agency, so the application was successful. Mr C believes that a further check should have been made with the electoral roll, but I do not agree that Vanquis acted unreasonably when it relied solely on the credit check.

When Mr C reported the fraud to Vanquis, the bank acted promptly, clearing him of all liability for the debt and removing all the information about the card from his credit file. This is what I would expect it to do in the circumstances.

Mr C says that he had increased borrowing costs because his credit rating was damaged temporarily, for the period while the card was active before the fraud was exposed. But the root cause of Mr C's problems were the fraudster's actions and not the bank's, so in the circumstances of this complaint I do not believe it would be fair to hold Vanquis liable for any such costs.

I realise that Mr C will be disappointed by my decision, but I do not find that the bank acted unfairly or unreasonably.

my final decision

My final decision is that I do not uphold this complaint.

Colin Brown
ombudsman