

complaint

Mr D complains about the way in which Vanquis Bank Limited dealt with disputed payments from his account.

background

Vanquis first contacted Mr D in October 2014 to ask whether some online payments were genuine. He said that they were not. His card account was blocked. Mr D was required to sign a declaration to say that the 10 transactions were fraudulent. He did not receive the first declaration form and sent back a replacement in December 2014. Eight of the transactions were refunded in January 2015- but two were missed and not refunded until March 2015. During the period interest was charged on these transactions in error and was not refunded until August 2015. In addition, as Mr D did not make minimum payments to his account, his credit limit was reduced from £2,500 to £250 in December 2014. He received calls from the Vanquis collections department and his account was referred to a debt collection agency.

The adjudicator recommended that the complaint be upheld. He said that:

- He noted that the merchants involved had to be contacted for sample sales vouchers but did not think that this had happened quickly enough.
- The refunds to the account took too long, two items were missed in January 2015, and an error was made with the interest.
- There was no clear explanation to Mr D that he still had to make the minimum payment and the true account position was not clear to him.
- He thought it unnecessary for the account to be passed to a debt collection agency.
- Vanquis' automated system reduced the limit on the account- but didn't take account of the outstanding disputed transactions.
- It accepted that this was not right and will take steps to avoid this in future.
- It had already said it would make the necessary alterations to Mr D's credit record.
- Taking all this into account he thought that an appropriate level of compensation was £350.

Mr D did not agree. He said that he received daily calls about the position on his account. Each time he phoned Vanquis he had to explain the whole situation again. He has looked at his credit record which is still showing a balance ahead of the limit during the period. He did not think that the compensation was sufficient- this should have been a simple matter to resolve.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I cannot see that Vanquis did enough to ring-fence these transactions. And I agree with the adjudicator that it took too long to deal with them and refund the amounts to Mr D. The combination of these factors meant that Mr D was unclear what the true position on his account was. I appreciate that Vanquis did not tell him he could stop making the minimum payments but I can understand his difficulty in interpreting his account statements.

I agree Mr D has been caused distress especially by having to deal with the collections department and a debt collector. I understand his strong feelings about this. I've taken into account guidance published by this service about compensation. And I know I'm going to

disappoint him when I say that I consider that the amount recommended by the adjudicator is appropriate.

But I'm not satisfied that Vanquis has done enough to adjust his credit record. Both the credit limit and balance are relevant reported amounts. It's misleading to say Mr D was over his limit when Vanquis accepts that was down to a systems' issue. And I can't say that this won't have any adverse consequences for him. So I'm going to require Vanquis to adjust this as well.

my final decision

My decision is that I uphold this complaint and I order Vanquis Bank Limited to:

- 1) Pay Mr D total compensation of £350.
- 2) Adjust the credit limit on his credit report in all the months from December 2014 to April 2015 inclusive to £2,500.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 24 March 2016.

Michael Crewe
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