

complaint

Mr C is unhappy with how Vanquis Bank Limited ("Vanquis") has run his credit card account. He says that despite having a direct debit in place, it charged late fees and registered adverse information on his credit file.

background

Mr C had some payment issues with the account prior to January 2016 which led to his direct debit being cancelled.

The direct debit was set up again in January 2016 but cancelled shortly afterwards. It meant that Mr C's payments weren't collected on time.

Mr C incurred late fees and adverse information was applied to his credit file.

Vanquis said it had refunded all the late fees and charges.

Our adjudicator didn't think any of this was Mr C's fault. He said that Vanquis should remove the late payment markers applied in March and April 2016. And pay him an additional £65.

Vanquis disagrees with this. In summary, it says it is not responsible for the cancellation of the direct debit set up in January 2016. It says it received confirmation from Mr C's bank which said the 'payer had cancelled the instruction'. It had sent a letter to Mr C to say that the direct debit had been cancelled and manual payments were required. It also said that it tried to collect a payment in April 2016 but this was declined.

Therefore, the complaint has been passed to me for review.

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 know that Vanquis says it has information from the bank saying that Mr C cancelled the new direct debit which was set up in January 2016. But Mr C has confirmation from the bank saying that Vanquis cancelled it. So things aren't really that clear.

However, it seems unlikely Mr C would agree to set up the direct debit again only to cancel it shortly afterwards, especially as he prompted it being reinstated. I can tell Mr C prompted it from listening to what he said during the phone call with Vanquis in January 2016. During this call Mr C appear surprised that there wasn't a direct debit in place to replace the previously cancelled one. I get the impression from this call that Mr C was very concerned about the possibility of late payments and wanted a new direct debit on the account.

Vanquis has already accepted that prior to January 2016 it made a mistake setting up a direct debit which caused a problem with collecting Mr C's payment at the right time. So it seems quite possible that it made another mistake with the new direct debit.

I also note that Vanquis arranged for a payment to be taken from his bank in April 2016 but this didn't happen. Mr C has provided a copy of his bank statement showing that he was making payments to other parties and also that he had enough money in his account at the time. So it doesn't look like his fault that the money wasn't taken.

Overall, although things aren't completely clear I'm not convinced the recent problems with the payments are Mr C's fault. Although Vanquis mentions that Mr C could have made manual payments I think the confusion and problems stem from its actions so I am willing to give Mr C some leeway regarding the missed payments around this time. I don't think he was trying to avoid payment and I don't think it would be fair to penalise him with adverse information on his credit file.

Vanquis says it has already refunded all interest and penalty charges on Mr C's account arising from the failed payments. Mr C believes there is about £10 which hasn't been refunded. And he also says the money Vanquis has given him so far doesn't reflect the distress and inconvenience caused by its actions.

It isn't completely clear if Vanquis has failed to refund some of the interest charges arising from the payments which weren't collected between February and April 2016. But the statements do show some charges continuing after Vanquis wrote the final response letter in early March. So it seems some may have been missed. Vanquis hasn't really clarified this issue either.

I also think Mr C should get some more compensation for the distress and inconvenience he has been caused. The refunds Vanquis has mentioned so far appear to mostly relate to interest and charges placed on the account.

All things considered I think the suggestion of an extra £65 is fair and reasonable.

my final decision

My final decision is that Vanquis Bank Limited should remove the March and April 2016 late payment markers from Mr C's credit file and pay him a further £65.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 14 November 2016.

Mark Lancod
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