

complaint

Mr S complains that Vanquis Bank Limited charged a late payment fee for his credit card account and recorded this on his credit record.

background

Mr S had a direct debit arrangement set up to pay his credit card account. For some reason, this was cancelled. Vanquis warned Mr S but he missed a monthly payment. It then charged him a late payment fee and put a marker on his credit record.

Our adjudicator recommended that the complaint should be upheld. He thought a system error at Vanquis had led to the direct debit instruction being cancelled. This wasn't Mr S's fault, although he could have acted to mitigate his losses. So he thought Vanquis should refund the late payment fee and amend Mr S's credit record.

Vanquis replied that it agreed there had been a problem with the direct debit, but Mr S had chosen not to pay his account. It refunded the late payment fee but refused to remove the marker. Mr S said he hadn't received the refund. He said this was the second time he'd had problems with the direct debit for Vanquis.

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 can understand that Mr S must feel irritated and frustrated that his direct debit arrangement with Vanquis has gone awry for a second time. It's agreed that this wasn't Mr S's fault. The adjudicator contacted his bank and checked that he hadn't given an instruction to cancel his direct debit. Yet he incurred a fee and now has a missed payment marker on his credit record.

After the first problem with his direct debit, Mr S said he reset the instruction. Vanquis said he paid his monthly credit card account by other means for three months. But Mr S said the direct debit instruction was still in place. I've seen Mr S's bank records. These show that the instruction was still active and a payment was made recently.

Then Vanquis warned Mr S when he called it that his direct debit instruction had been cancelled. It offered to reset the instruction, suggested other means of payment and to take the payment over the phone. This would have avoided a late payment.

But Mr S said he told the agent that he'd checked with his bank and the direct debit was still active. He told Vanquis to sort out the problem. As his earlier payments had gone through I think it was reasonable for Mr S to conclude that Vanquis had made an error and to expect it to sort it out.

But Vanquis still needed Mr S to reset the instruction. So the payment was missed. Mr S then incurred a fee and a marker was put on his credit record. I don't think this was a fair outcome for Mr S. I appreciate that Vanquis warned him and provided alternatives. But I think it was reasonable for Mr S to expect it to remedy the situation. So I think it's fair that Vanquis should restore Mr S's position.

The first time the direct debit went wrong Vanquis refunded the fee, corrected the record and paid Mr S £50 compensation. I agree with the adjudicator that Vanquis did warn Mr S on this occasion. He could have avoided any losses. So it needn't pay him any compensation.

my final decision

My final decision is that I uphold this complaint. I require Vanquis Bank Limited to refund Mr S the late payment fee and remove the adverse marker from his credit record.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 8 August 2016.

Phillip Berechree
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