

## **complaint**

Miss T's unhappy with how Vanquis Bank Limited handled her account in April and May – all dates referred to are from 2016. She's also unhappy with the level of customer service she received in relation to this.

She wants it to apologise, reimburse her costs, and pay her compensation for the stress and impact it had on her finances.

## **background**

Miss T has a direct debit set up with Vanquis to take the minimum amount due on her credit card each month. In April the payment was returned unpaid and Vanquis applied three charges; a late payment charge, an unpaid item charge, and an over limit charge.

She thinks these were applied on an earlier date (and statement) than they should've been. She says the charges are what took her over her credit limit which caused the third charge, and she's had to pay extra interest on them.

Miss T's also unhappy that in May a higher amount was taken by direct debit than expected. She hadn't budgeted for this and says she needed to take out a short-term loan to cover it. She says she relied on her statements and a text from Vanquis confirming she needed to pay at least £82.82 but it actually took £135.82.

She went on to complain about Vanquis providing poor customer service when she raised her concerns and in how it handled her complaint. Vanquis offered her £25 compensation for this which she thinks is too low.

The investigator upheld the complaint in part; he thought the charges were applied fairly. But he agreed the information given to Miss T was contradictory and that Miss T had lost out as a result. He recommended Vanquis pay the interest incurred for taking out a short-term loan on the amount taken early, and a further £100 compensation for the distress and inconvenience caused.

Vanquis didn't agree – it accepted there had been customer service problems, but didn't think it was reasonable for Miss T to fund the payment using a short-term loan. It says she should've called back once the payment had cleared and asked for a refund.

My provisional decision dated 19 December 2016 explained I didn't think Vanquis needed to reimburse Miss T for the interest she says she paid for her short-term loan. And that I thought it should increase the compensation offered to £75. Both Miss T and Vanquis accepted this and didn't add any new information.

## **my findings**

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

### The charges applied in April

After Miss T's April payment was returned unpaid, Vanquis applied an "unpaid item charge". It sent her a letter saying the direct debit payment had been returned unpaid and she

needed to arrange payment if she hadn't already done so. Whilst she may not have received it, Vanquis has provided a copy and there's nothing to suggest it wasn't sent. As this payment wasn't received, Vanquis applied a "late payment charge". Miss T's account exceeded its limit and so Vanquis also applied an "overlimit charge". I think these were applied fairly in line with the account terms.

I understand Miss T thought it was odd these were showing on her statement dated 8 April as applied on 10 April. Vanquis has explained this is because of how it processes statements when they fall on a Friday or weekend. But they were applied on the correct statement and not a month early. I also note that the account didn't go over its limit as a result of the charges being added, but because the payment wasn't made. A total of £36 in charges was applied to the account but it exceeded its limit by £52.97. So, I don't think it needs to do anything more in relation to the charges.

#### Taking a higher payment by direct debit than expected

I understand Miss T thinks Vanquis took a higher amount than it should have in May. Having reviewed Miss T's paper statement from April, I think Vanquis has acted correctly in taking the amount it did. Miss T's account exceeded its limit by £52.97 and so the statement requested she pay this immediately – this was to bring the account back in line with the agreement. It also explained the next month's minimum payment was £88.81 and it hadn't received the last month's payment of £47.01. It goes on to explain under the "important information" section that £135.82 (£88.81 + £47.01) will be claimed by direct debit in May. Here it says "you are welcome to make additional payments if you wish to reduce your balance quicker. However please be aware that your direct debit will always be claimed unless your statement balance is cleared in full".

The text message Miss T received confirming less was due in May, and information on her online banking, are based on live information. So they're calculated to include additional payments made. But her paper statement does provide notice of the amount Vanquis will take by direct debit.

I do, however, agree that taken as a whole, the information Miss T was given was confusing and can understand why she was surprised when £135.82 was taken in May.

When considering whether Vanquis need to do anything to put this right, I've thought about what Miss T is likely to have done differently had the information been clearer. Miss T says she would've budgeted differently and found a way to cut costs to ensure this additional money was available. But she hasn't been more specific than this.

Miss T was operating close to her credit card limit, current account overdraft limit and has told us she actually took out the short term loan for a higher amount than the disputed overpayment here. Taking this into account, it seems likely that Miss T was already relying on short term loans to manage her day to day expenses. So, I'm not persuaded that Miss T wouldn't have incurred the interest that she says she has if the information had been clearer.

#### How Vanquis handled the matter.

When Miss T called Vanquis about the issue in May, she was initially told that it shouldn't have taken that much. Having listened to the call, she wasn't promised a refund as such. She was told it would review the account the next day when the funds had cleared and look at why this had happened. The Vanquis representative agreed to log the matter as a

complaint and said “if we can give you a refund back we will”. Vanquis seems to accept it didn’t do anything further until Miss T chased it up later on.

Vanquis has offered Miss T £25 for the “agent error and mis-advice”. Whilst we can’t make an award for how Vanquis handled the complaint, I think overall Miss T has experienced stress and inconvenience as a result of the confusing information she’s had from Vanquis. This is in relation to the payment amount that would be taken in May and whether she’d receive a refund of the disputed overpayment. Taking into account Miss T’s circumstances I think an additional £50 would be a fair amount to compensate her for this – so £75 in total.

Miss T says she’d like an apology for the poor service she received. I think it would be reasonable for Vanquis to apologise for the stress and inconvenience caused as a result of the above.

### **my final decision**

I uphold this complaint in part and so Vanquis Bank Limited should:

- Pay Miss T £75 compensation.
- Send Miss T a written apology for the confusion caused.

Under the rules of the Financial Ombudsman Service, I’m required to ask Miss T to accept or reject my decision before 27 February 2017.

Stephanie Mitchell  
**ombudsman**