

## **complaint**

Mr V complains that Vanquis Bank Limited (“Vanquis”) has not treated him fairly in that it incorrectly debited his credit card account twice, putting him well in excess of his credit limit. He would like Vanquis to write off the debt and close the account.

## **background**

Mr V arranged for a credit of £1,700 to his credit card account. He then made a transaction against the credit, but it appears this was not completed properly, so he attempted to make the transfer again. In reality, two transfers were made, putting Mr V well over his credit limit. Vanquis initially refunded £130.18 of interest and fees and arranged a three-month interest-free repayment arrangement for Mr V to repay the excess, but has since said he needs to repay the debt with interest. Mr V says that as the second transfer was a result of the bank’s error, and that he considers this was done to trick him out of interest and fees, the bank should waive the debt.

Our adjudicator did not consider that the bank should waive the debt, as Mr V had had the benefit of the money. But she did consider that as the debt was as a result of the bank’s error, that Mr V should not have to pay interest on his repayment of it. She therefore recommended that the bank should re-work the debt and repayment arrangement so that Mr V could repay it without interest, on a sustainable basis, and considered that Vanquis should pay Mr V £50 compensation for the distress and inconvenience he had experienced. Vanquis does not agree.

## **my findings**

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

Looking at the bank’s records and correspondence with this Service, it’s clear that it made an error in processing Mr V’s initial transfer, which led to him being given incorrect information about whether the transfer had been processed, and what was the balance of the account. Because of this, he made a second transfer from the account, which resulted in it becoming severely over its limit.

It appears that when Mr V contacted the bank to ask why his initial transfer hadn’t cleared, the bank attempted a trace using an incorrect account number. This appeared to indicate that the original transfer had not been processed, so Mr V made a further transfer. However, both transfers were processed, taking the account well over its limit.

I consider that Mr V would not have made the second transfer had he not been given incorrect information by the bank, and that the account would therefore have remained within its limits. Vanquis has said that it sought to assist Mr V by giving him a three-month interest-free repayment period, but that it considers he should revert to repaying the debt with interest.

I don’t agree that Mr V should be penalised for a situation which arose because of the bank’s mistake. Mr V believes this was a deliberate attempt by the bank to get him to pay interest and fees, but I haven’t seen any evidence to suggest this was the case. Because of this, I consider that Mr V should repay the debt, as he has had the benefit of the money.

This can most fairly be achieved through the bank reworking the debt to agree an affordable, interest-free repayment arrangement with Mr V so that he can bring the account back within its limits. I also consider that the bank should pay Mr V £50 compensation for the distress and inconvenience he has experienced as a result of the bank's error.

**my final decision**

My final decision is that I uphold this complaint. In full and final settlement of it, I order Vanquis Bank Limited to:

- Rework the account so that the second transfer of £1,384.45 is interest-free from the date it was applied to the account;
- Refund any remaining over-limit or default fees which that transfer incurred beyond the £130.18 already paid;
- Agree an affordable repayment arrangement with Mr V to repay the new outstanding balance (including a reducing credit limit, so that no further default fees are applied); and
- Pay Mr V £50 compensation for the distress and inconvenience this matter has caused him.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr V to accept or reject my decision before 27 June 2016.

Catherine Wolthuizen  
**ombudsman**