

## **complaint**

Mrs B complains about the way Vanquis Bank Limited dealt with her account after some payments were incorrectly refunded as part of a chargeback investigation. Mrs B complains that she wasn't told when the refunds had been received and remained on a payment plan for several months.

## **background**

In July 2017 Vanquis was contacted by a bank to say that payments that had been made to Mrs B's credit card should be refunded as part of a chargeback investigation. As a result, in August 2017 Vanquis refunded April, May and July 2017's payments back to the debit card they were made from. Mrs B has advised the payments had been made by her husband and that the chargeback request was made in error.

As the chargeback put Mrs B's account into arrears she agreed a payment arrangement in October 2017 to pay £153 a month and that the credit limit would be reduced in stages. Mrs B paid £153 on 4 October 2017 but no payment was made for November 2017.

Vanquis received the chargeback refund on 22 November 2017 and applied the payments back to the account in a way that meant Mrs B didn't have to pay any additional interest. That meant Mrs B's account returned to the position it was in before the chargeback refunds had been made. Mrs B's next payment of £153 was made on 1 December 2017.

Vanquis didn't tell Mrs B that her payments had been refunded and she continued to make the agreed £153 payments each month. In June 2018 Mrs B checked with Vanquis to see what had happened to the disputed funds and in July 2018 she complained.

Vanquis responded on 23 July 2018 but didn't agree an error had been made. Mrs B referred her complaint to this service and it was passed to an investigator to look at. The investigator recommended Vanquis pay £150 because it didn't tell Mrs B about the refund. Another investigator looked at the case and agreed that Vanquis should've told Mrs B about the refund but said that as the account was in arrears her position hadn't been affected. Vanquis agreed to pay Mrs B £150 in line with what the adjudicator said.

Mrs B didn't agree and has asked for her case to be appealed so it's been passed to me to make a decision.

## **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've paid particular attention to the statements and contact information in this case. I can see that Vanquis was asked to refund the April, May and July 2017 payments to the bank they were received from and that happened in August 2017. I appreciate that the chargeback request was made in error but Vanquis acted fairly by following the instructions it received.

Vanquis received the chargeback refund on 22 November 2017 and applied them to the account in a way that meant Mrs B didn't have to pay additional interest. So Mrs B hasn't lost out by paying more interest as a result of the chargeback investigation.

Vanquis has said that because of the way the refund was applied to Mrs B's account it wasn't obvious that it had been received. And whilst I understand that Mrs B is upset she wasn't specifically told the chargeback refunds had been received, the information is shown on the December 2017 statements Vanquis sent her. The process is largely automated so I wouldn't expect someone to specifically contact Mrs B to let her know.

The issue here is that before the chargeback refund was received, Mrs B agreed a payment plan. On 4 October 2017 Mrs B agreed to pay £153 a month and that the credit limit would come down in stages. At the time, I think that was the right thing for Vanquis to offer as it hadn't received the chargeback refund.

Mrs B didn't make a payment at the start of November 2017 as agreed the month before. The next payment Mrs B made to the account was on 1 December 2017 for £153. I know Vanquis received the chargeback refunds on 22 November 2017 and credited them back to the credit card. But that only cleared the three incorrectly refunded payments from April, May and July 2017. Mrs B still needed to make up the missed payment for November 2017.

Mrs B is upset that she wasn't told that the chargeback refund had been received and I agree that Vanquis should've done that. But I think it's more likely than not that her account still would've been subject of a payment arrangement because of the missed payment in November 2017.

Vanquis has agreed to pay Mrs B £150 because it failed to contact her and advise the chargeback refund had been received in November 2017. I've carefully considered everything Mrs B and Vanquis have said in bringing the complaint and I'm satisfied the £150 offered is fair in all the circumstances. As Vanquis has agreed to pay a fair settlement I'm not telling it to take any further action.

### **my final decision**

My decision is that I uphold this complaint and direct Vanquis Bank Limited to pay Mrs B £150. Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 6 April 2019.

Marco Manente  
**ombudsman**