

complaint

Mrs C complains she was the victim of identity theft when a credit card was set up in her name through Vanquis Bank Limited.

background

I set out the background of this complaint, and my provisional findings, in my provisional decision dated 9 August 2019. I gave both parties the opportunity to respond to me with any further thoughts they'd like me to consider.

Mrs C replied, and said she accepts the £250 compensation I suggested. She said her previous cheque for £100 was out of date, so would like a new one for the full £250. She also said she was told her credit record would be cleared, and would like written confirmation from Vanquis of this.

Vanquis replied, and simply said they're confident they had no further information to provide.

my findings

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

Mrs C has accepted my decision, and Vanquis didn't provide any further information. So I see no reason to depart from my provisional findings about the compensation of £250 – and based on what Mrs C has said Vanquis should cancel the original cheque and issue a new one for £250.

Mrs C has also asked Vanquis to confirm her credit file hasn't been affected by this situation. It doesn't seem unreasonable for Vanquis to do this when writing out to Mrs C with her new cheque. And if Mrs C remains concerned about the impact on her credit file she can check this herself online.

my final decision

For the reasons I've explained I uphold this complaint against Vanquis Bank Limited, and order them to pay a total of £250 in settlement of this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 13 October 2019.

Jon Pearce
ombudsman

provisional decision

complaint

Mrs C complains she was the victim of identity theft when a credit card was set up in her name through Vanquis Bank Limited.

background

In November 2017 Mrs C says she discovered a total of 13 searches of her credit file information had been carried out.

On 23 November Mrs C received a letter from Vanquis about a new credit card she'd apparently opened linked to a mobile phone contract. For this particular mobile phone company when taking out a contract with them a Vanquis credit card account was opened at the same time.

She complained to Vanquis about the credit card, saying she'd never applied for it and hadn't entered into the mobile phone contract, so the credit card had been issued as a result of fraud.

Mrs C was asked to give Vanquis information about her circumstances for them to investigate the fraud claim. Once they'd completed their investigations they wrote to Mrs C and explained the mobile phone had been sent to Mrs C's address – and signed for by her – so they'd be treating the account as having been applied for by her.

Mrs C was unhappy with this, and complained. Vanquis reiterated their position. But they also added they couldn't understand what financial gain a third party would get if the phone was delivered to her genuine address.

Mrs C remained unhappy, so asked us to look into the complaint, and in doing so provided evidence of her own investigations she'd carried out. One piece of evidence related to the current account details provided for the purpose of making direct debit payments to service the mobile phone. The bank holding this current account told Mrs C it didn't actually exist.

Our adjudicator considered everything and said to Vanquis that he felt the credit card had set up fraudulently.

In May 2018 Vanquis told our adjudicator they were now overturning their decision to treat Mrs C as having applied for the credit card. Mrs C was happy about this, but felt compensation was appropriate. Vanquis agreed to the £100 recommended by our adjudicator, and said they'd send a cheque to Mrs C. But Mrs C didn't think this was sufficient compensation. She said she had no confidence in Vanquis' security checks, and has put a lot of time and effort into dealing with this. She said it's also had an impact on her health and wellbeing.

Because of this, the complaint has been passed to me to decide.

my provisional findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Having done so, I'm currently planning to increase the award of compensation.

When I started reviewing this complaint it wasn't clear to me why Vanquis had originally considered Mrs C had applied for the credit card. While I don't need to consider this issue itself, since Vanquis has changed its position on that, the compensation I award will be impacted by the reasonableness of their decision.

Vanquis told us they looked at the signature provided when the phone was delivered, and that the delivery of the phone was made to Mrs C's address.

I also wanted to understand why Vanquis didn't believe Mrs C when she got in touch and said it wasn't her. They replied to say a £5 payment was completed which matched with Mrs C's details, and they couldn't see any financial gain to be made by a third party having a phone delivered to the genuine address.

Vanquis also said they tried to check the account details, but weren't able to do so.

I've looked at the signature provided, to sign for the phone. It's substantially different from the signature used on the dispute form. So I don't agree it's reasonable to readily rely on this when investigating a fraud.

And although the delivery of the phone was recorded as made to Mrs C's address, I don't think it can be automatically assumed she definitely received it. I haven't seen any investigation by Vanquis into potential issues with delivery in that area. And if the signature isn't that of Mrs C, the delivery address recorded is purely a record of her address and not evidence of the phone being delivered there.

I've thought about Vanquis' comments about the £5 payment – but even if this did match Mrs C's details, it doesn't mean the rest of the application is genuine. As it turns out, this was a payment made fraudulently, not using a card legitimately issued to Mrs C. And while I note their comments about not being able to see any gain for a third party having a phone delivered to the genuine address, this doesn't appear to have been looked into by Vanquis. Without investigating this aspect fully Vanquis wouldn't be able to see how there was a gain.

Mrs C was able to get clear evidence some of the details used were fraudulent – namely the sort code and account number given for direct debit payments. And it's this information Vanquis have relied on to overturn the decision to treat the credit card as applied for by her.

Vanquis have made a point that Mrs C should have sent this to them when they asked for any more information she got about the fraud. Mrs C has told us she's not sure if she did as she had a lot going on at the time. But regardless of whether she did or didn't I think this is something Vanquis could have discovered through its own diligent investigation – as Mrs C was able to find this herself.

Taking everything into account I don't think Vanquis properly investigated Mrs C's claim that this was a fraudulent application – and had they done so they could have resolved this issue earlier. I don't doubt that being a victim of ID theft is both an alarming and frustrating experience and one that anyone who's an innocent victim of shouldn't have to suffer any longer than is necessary. I don't suggest that Vanquis was able to prevent Mrs C suffering the experience at all, but I do consider they were able to have shortened that experience.

Mrs C has told us she's invested a significant amount of time in getting this resolved. And that it's had an impact on her health and wellbeing. I want her to know that, although I've not reflected everything she's told us in this decision, I've read everything she's said carefully – and thought about the impact on her and that Vanquis unnecessarily prolonged the period over which that impact was felt.

The reasons above are why I'm currently planning to uphold the complaint and increase the compensation currently on offer.

what I think I'm going to ask Vanquis to do to put matters right

Vanquis have maintained that £100 compensation is fair, but for the reasons above I don't currently think it is.

I previously thought total compensation of £200 (including the £100 offered previously) was fair. This was put to Vanquis, but they didn't agree.

On reflection, and while drafting this decision, I think the total sum of £250 compensation (including the £100 offered previously) is fair.

I currently plan to say if Vanquis have already paid Mrs C £100 then they should pay a further £150 to Mrs C. If they've not yet paid Mrs C the £100, or Mrs C hasn't paid in the cheque, Vanquis should cancel the cheque and pay Mrs C £250.

my provisional decision

For the reasons I've explained above I currently plan to uphold this complaint against Vanquis Bank Limited, and order them to pay a total of £250 in settlement of this complaint.