

The complaint

Mr I complains that Vanquis Bank Limited ("Vanquis") removed £220 from his Vanquis credit card account without his permission.

What happened

On 23 June 2020 Mr I's credit card account received two payments totalling £220 from a third party. Mr I says the payments were made by an acquaintance who owed him money.

The third party initiated, through his separate bank, a recovery request to Vanquis. And the £220 was returned to the third party.

Mr I referred his complaint to us after Vanquis rejected his complaint. As our investigator (who recommended that the complaint be upheld) was unable to resolve the matter informally, the case has been passed to me for a decision.

I sent Mr I and Vanquis my provisional decision on 4 August 2022, explaining why I was intending to uphold the complaint and the compensation I was minded to award. Mr I responded to my provisional decision. I received no response to my provisional decision from Vanquis.

What I've decided – and why

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

I've reached the same conclusions and for the same reasons as explained in my provisional decision. I've explained my reasoning again below.

The evidence shows that the third party's bank initiated the recovery request on the basis that the third party entered the wrong reference when making the payments, and the £220 had been sent to Mr I's account by mistake.

Vanquis has given various reasons why it says it would need to comply with the third party's recovery request, but I must be clear and say I haven't found any of Vanquis's arguments persuasive at all.

I have found Vanquis's submissions regarding whether the payments to Mr I's account were by faster payment or debit card to be less than clear. But regardless, there is a general obligation owed by a financial business such as Vanquis to its customer to actually investigate any alleged fraud/mistaken transaction, and to determine how liable their customer actually is.

I can't see Vanquis undertook any investigation here at all. Instead it has just repeatedly and incorrectly told Mr I there was nothing it could do to prevent return of the funds. This is despite that Mr I was in touch with Vanquis to express his concern. And had Vanquis – as it reasonably ought to have done – actually investigated the allegation of the mistaken

transactions *before* it allowed the money to be recalled, it would have been immediately apparent that Mr I had evidence supporting the payments were intended to his account. This evidence – as Vanquis has seen – consists of screenshots that appear to show a WhatsApp conversation between Mr I and the third party, including two screenshots within the conversation, that the third party appears to have sent Mr I, showing two payments to Mr I's Vanquis account, the first on 22 June 2020 for £130 and the second on 23 June 2020 for £90. I am satisfied that this evidence reasonably supports that the funds were intended to be sent to Mr I.

This means I'm satisfied that had Vanquis investigated the allegation of mistaken payments – as it reasonably ought to have done – rather than just telling its customer that it had to comply with the recovery request, it reasonably ought to have concluded that the funds were intended for Mr I, and it had no reasonable grounds to comply with the recovery request. Mr I explained to Vanquis that the money was paid to his account because the third party owed him money. And whether there was or wasn't a breakdown in the relationship between Mr I and the third party that led to the recovery request, that would not be a reason for Vanquis to comply with this particular recovery request when, like I have said, Mr I had evidence supporting the payments were intended to him.

Putting things right

I'm satisfied it's very clear here that had Vanquis done what it reasonably ought to have done, the £220 ought not to have been removed from Mr I's account. I also think Vanquis has dealt with this matter in a way that has caused Mr I unnecessary distress and inconvenience. So, to put things right Vanquis should pay Mr I £220; it should also rework Mr I's account to remove any additional interest and charges incurred because of the £220 debt; and it should also pay Mr I £150 for distress and inconvenience.

My final decision

I uphold this complaint and direct Vanquis Bank Limited to: pay Mr I £220; rework Mr I's account to remove any additional interest and charges incurred because of the £220 debt; pay Mr I a further £150 for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr I to accept or reject my decision before 19 September 2022.

Neil Bridge
Ombudsman