

The complaint

Mrs L complains that a balance transfer with Vanquis Bank Limited (“Vanquis”) went wrong and she’s been financially impacted.

What happened

In August 2023, Mrs L applied for a balance transfer of £1,922.82 from Vanquis. She was eligible for a promotional rate of six months interest-free. Mrs L was asked to provide information to Vanquis of where she wanted the funds to be sent, which she did, and a couple of days later the funds were paid out.

In early September 2023 Mrs L got in touch with Vanquis because the funds weren’t received. I can see she chased again on a few days later because she hadn’t received the funds or a response. Again, around a week later there wasn’t a response so Mrs L chased again. In this call she advised that she knew where the funds were sent – her husband’s account.

In late October 2023 Vanquis issued their final response letter. They said Mrs L provided incorrect account details, and therefore they hadn’t made an error. They advised she could either ask her husband to transfer the funds back or they could do a recall.

Mrs L wasn’t happy with this response, so she referred her complaint to our service on the same day. Since the complaint has been with our service, Vanquis has made offers to Mrs L, including a refund of 50% of the interest paid to the third-party account between September and December, which she wouldn’t have incurred had the balance transfer been processed correctly, and a refund of late payment fees she incurred on the Vanquis account.

Our Investigator issued a view on the complaint. They said while Mrs L did make the initial error, Vanquis had let her down by not acting quickly in retrieving the funds. They said Vanquis also should’ve noticed the account they were transferring the funds to wasn’t in Mrs L’s name. They said Vanquis should refund all the interest accrued on the third-party credit card between September 2023 and December 2023, refund any late payment fees charged to the Vanquis account, and amend the credit reference agency information if they’re reporting late or missed payments. It had been confirmed by this point in time the retrieval of funds had been carried out.

Mrs L wasn’t happy with this. She wanted a refund of the balance transfer fee, a refund of all the repayments made during the period since the balance transfer, and some compensation for the stress and upset caused. Our Investigator issued a second view, explaining that the balance transfer did take place, and the initial error was one made by Mrs L, so he didn’t think it would be fair to ask Vanquis to refund that. They also said if Vanquis were asked to refund all payments made, it would put Mrs L in a better position than she was in before the error took place, and our approach to redress is to put the customer back in the position they would’ve been in had the error not happened. So their opinion remained unchanged.

Vanquis were happy to make the refund of the interest payments and confirmed there were no late payment markers so no adjustments needed.

Because Mrs L didn't agree, this complaint has been passed to me to consider.

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.

While I appreciate this will likely come as a disappointment to Mrs L, I've reached the same conclusion as the Investigator for largely the same reasons. I also note Mrs L has mentioned the losses incurred by her husband, but as this complaint is about her account I can only consider the impact on her. I note Vanquis have said they will consider any losses incurred to her husband as a result of what's happened.

This happened because of Mrs L's error when inputting the account details. However, having reviewed the internal notes Vanquis have provided, I do agree they could've acted quicker when retrieving the funds from Mrs L's husband's account. This is something Vanquis acknowledged when providing its file and agreed that the response issued in October wasn't as helpful as it could have been. So, the next thing I need to consider is how it puts matters right.

However, when looking at how to put things right it's important to make sure that, as far as is reasonably possible, the customer is put back in the position they would've been in had the mistake not been made. The mistake Vanquis made was taking too long to recall the funds, and so a refund of the accrued interest and charges on the third-party credit account between September 2023 and December 2023 is a fair way to put things right. This is because had Vanquis recalled the funds sooner, Mrs L could reattempt the balance transfer, and that interest wouldn't have been charged. It's also right that Vanquis refund any late payment fees they applied, for the same reasons as above – had the recall happened quicker, it's unlikely they'd have been applied.

Mrs L would've always needed to make repayments to Vanquis, so refunding the payments she made would put her in a better position. And it's important to keep in mind, the aim is to put Mrs L back in the position she would've been in had Vanquis not made a mistake. I appreciate Mrs L's comments regarding not having credit to fall back on over the Christmas period and needing to pay two cards as opposed to one, and I am sorry she was stretched during this period, I can understand this would've been stressful for her. I do need to keep in mind the initial error of the balance transfer going to the wrong account as a result of Mrs L's inputting the incorrect account information so I can't fairly say Vanquis have done anything wrong here.

Regarding the balance transfer fee, the balance transfer did go ahead. It was paid to an incorrect account because Mrs L gave Vanquis her husband's account details as opposed to her own. It's important when completing processes such as this that all information is correct and accurate. And while I appreciate Vanquis should've noticed the account wasn't in Mrs L's name when making the transfer, I don't think it's fair that they refund the balance transfer fee because the balance transfer did take place as instructed.

I've thought about compensation as I know Mrs L feels like she's owed some compensation for the stress caused by this. But it's important for me to consider that this error was as a result of Vanquis being provided with incorrect information. So I don't think it's necessary that Vanquis pays more in compensation to Mrs L.

Overall, while I appreciate Mrs L will be disappointed by my decision, and I'm sorry for any financial difficulties she's faced during the period this was ongoing, I am upholding the complaint recommending Vanquis refund the interest applied to the third party credit card between September 2023 and December 2023. This is because Vanquis could've acted quicker, but ultimately, the error was as a result of Mrs L inputting the incorrect information.

Putting things right

For the reasons I've explained above, I uphold this complaint and direct Vanquis Bank Limited put Mrs L back in the position she would've been in had the recalling of funds happened sooner. To put things right it should:

- Repay the interest accrued on the third-party account between September 2023 and December 2023 in line with the statements provided
- Refund any late payment fees charged by Vanquis
- Amend any credit reference data reported

My final decision

It's my final decision that I uphold this complaint and direct Vanquis Bank Limited to settle things in the way I've directed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs L to accept or reject my decision before 26 July 2024.

Meg Raymond
Ombudsman