

The complaint

Miss K complains Vanquis Bank Limited (“Vanquis”) chased her for money on an outstanding debt and recorded adverse information on her credit file, when she believed the loan had been paid off.

What happened

Miss K has raised many complaint points in response to the investigator’s outcome. However, I have only dealt with the complaint points that relate to Vanquis in my decision. The other complaint points raised will be dealt with in the decisions against the respective businesses.

Miss K says she is unhappy Vanquis continued to chase her for a debt that she believed had been paid off and charged her interest on top. She is also unhappy that this affected her credit file. This caused her distress and inconvenience.

Vanquis say it continued to chase Miss K for the outstanding debt because it never received any funds back. So, as per the terms and conditions of their agreement, it charged Miss K interest and pursued her for the repayments.

Our investigator considered this complaint and decided not to uphold it. He felt that Vanquis was within its right to chase her for the debt and add interest. However, upon discussions with Vanquis it has now agreed to remove the interest charged on the loan as it accepts the delay in payment was not Miss K’s fault.

Miss K didn’t agree so the complaint has been passed to me for a final decision.

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.

Miss K is unhappy that she was pursued for the debt which she believed had been paid back by her receiving bank in November 2022. But from the evidence I have seen, I don’t think Vanquis did anything wrong. I’ll explain why.

Vanquis has provided evidence that Miss K’s bank paid the returned funds to an account which was not directly linked to it. So, it never received the money back. Miss K’s receiving bank also did its own investigation into this matter and discovered that it had sent the money to the wrong place – so it was not picked up and applied to Miss K’s loan. But this is not Vanquis’ fault.

Upon receiving communication from Miss K’s receiving bank in January 2024, Vanquis sent the requested indemnity request, and the funds were then correctly applied to Miss K’s outstanding loan. However, as Vanquis only received the loan repayment in January 2024, I think it was within its rights to chase Miss K for the outstanding amount.

Vanquis has recognised that the error was not made by Miss K and that she believed the loan should have been paid off. So, it has agreed to remove all the interest it had charged on the outstanding debt. It has also agreed not to report any adverse information about Miss K to her credit file in relation to this loan. This means Miss K does not owe any money to Vanquis in relation to this loan, and her credit file will not be affected by the lack of repayment on this loan.

Overall, I don't think Vanquis did anything wrong and I don't think it needs to do anything further to put things right for Miss K.

My final decision

I am not upholding Miss K's complaint against Vanquis Bank Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss K to accept or reject my decision before 27 September 2024.

Sienna Mahboobani
Ombudsman