

The complaint

Mr R complained that Capital One (Europe) plc did not provide clear information about cash advance charges and interest.

What happened

Mr R has two credit card accounts with Capital One, opened in 2017 and 2019.

Mr R complained to Capital One in September 2019 about the cash fees applied to one of his credit cards in relation to gambling transactions. Capital One said it explained to Mr R why these charges were made and agreed to credit his account with £24 as a gesture of goodwill. The complaint was closed.

Mr R complained to Capital One again in February 2020 about the level of the cash fees applied to one of his credit cards in relation to gambling transactions. Mr R told Capital One he feels it should be more transparent about the charges it applies.

Capital One responded to Mr R's complaint and didn't uphold it. It said when credit cards are used for cash transactions, there are fees of £3 or 3% of the transaction amount. It listed what it classified as cash transactions, and this included "*Gambling e.g. lottery, scratch cards, online casinos*". Capital One also said it charges interest on a monthly basis, as per the terms of the credit agreement. It said one of the three types of interest charged is interest on cash transactions.

Capital One said when customers apply for credit cards, it always includes a list of all fees and charges within the terms and conditions. It said these must be read and signed before an account can be opened. It said, in this way, it makes sure it provided information about the different types of fees charged. Looking at Mr R's complaint that the fees were too high, it said these reflect a fair proportion of the costs incurred by Capital One when a consumer uses a card for a particular transaction. It said it will only refund fees or interest if they have been applied incorrectly. Nonetheless, it offered Mr R a £25 gesture of goodwill.

Mr R was unhappy with Capital One's response and so complained to this service. He said there is ambiguity about when cash charges and interest apply. He said he uses one of his cards for online gambling and the frequently asked questions (FAQ) section simply says that cash interest applies to foreign currency and travellers' cheques. Mr R said details of charges shouldn't be embedded in a complex set of terms and conditions. He said he had paid £43 in charges and would like past cash and interest charges for gambling transactions refunded and a token payment of £50 for the distress caused.

Our investigator didn't uphold the complaint. He said the definition of a cash withdrawal is explained in Mr R's credit agreement and includes making a payment in relation to gambling. And he said that although Mr R would like to be made aware of cash fees on gambling transactions at the point of sale, he doesn't think Capital One need to do this, as the fees are outlined in the terms of the account. Our investigator said he doesn't think Capital One has done anything wrong here, so he is not going to ask it to do anything further.

Mr R didn't agree with the outcome reached by our investigator and so this has come to me for a 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.

Having done so I am not upholding this complaint. I'll explain why.

I first of all want to say that although I realise that Mr R has complained about the charges being excessively high, this service cannot tell Capital One how much it can or can't charge its consumers for using its services. What we can do is look at whether or not any charges have been applied fairly and in line with Capital One's own terms and conditions.

I've looked at the terms and conditions that applied when each credit card was taken out to see whether these make it clear that cash withdrawals include payments made for the purposes of gambling.

Looking first at fees, the terms outline the various charges that will be levied and say these depend on how individual accounts are used. It lists a *"cash withdrawal handling fee"* and says *"this is the charge you pay when you withdraw cash"*.

Later, in the definitions section, the terms say *"Throughout this agreement there are words that we use that need defining, so you know exactly what they mean... 'cash withdrawal' means any cash that you or additional cardholders take out. It also means any transaction where you or they: ... make a payment to an establishment that is identified as carrying on gambling, and the transaction is to pay for gambling activity."*

The terms then go on to deal with interest charges. They list a *"standard cash withdrawals rate"* and say this means *"the interest rate that applies to cash withdrawals that don't benefit from a promotional interest rate"*.

So I'm satisfied the terms and conditions make it clear that gambling transactions are dealt with as cash withdrawals and that cash withdrawals will be subject to both fees and interest. And while it might be the case that Mr R didn't read the terms and conditions in full when he took out the cards, he did have to agree to them before his application could be processed and Capital One is allowed to assume that he has read them.

I know that Mr R said he doesn't think information about cash withdrawal charges should be embedded in a complex set of terms and conditions, but the terms and conditions I've seen were not overly long, at just over four pages, and I'm satisfied the relevant terms are clearly worded.

Mr R also said that the FAQ section on Capital One's website says that cash interest applies to foreign currency and traveller's cheques only. But, having checked the website, I'm satisfied that's not the case. Under the question *"Why have I been charged cash interest when I haven't withdrawn any cash this month"* it says: *"in addition to withdrawals, buying foreign currency, travellers' cheques or other types of currency (such as money orders or using online gambling sites) also count as cash transactions"*. So I'm satisfied the question of interest charges applying to gambling related cash withdrawals is properly dealt with here.

I know that Mr R is concerned that the website might have been updated since he made his complaint, but I have also seen the screenshot of the above question and answer that Mr R

sent to this service back in February 2020 and I'm satisfied it's identical to the question and answer currently on the website.

Mr R also said he feels Capital One are targeting vulnerable people with poor money management skills. I can see that Capital One offered to withdraw Mr R's cash facility, if he thought that might help him manage his finances. And I would encourage Mr R to contact Capital One again to discuss this, if he wants additional support around managing money spent on gambling websites.

My final decision

It's my final decision that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 1 February 2021.

Martina Ryan
Ombudsman