

The complaint

Mr E complains that he has been charged cash advance fees in error by Clydesdale Bank Plc trading as Virgin Money.

What happened

In April this year, Mr E made several transfers to his partner's account from his Virgin Money credit card using a third-party payment card. Mr E initially made a transfer for £10 to test whether the transaction would incur a fee. When Mr E didn't see an immediate charge for the transactions, he proceeded to make further transactions for higher amounts over the next few days. However, a 5% cash advance fee was subsequently charged to his account for each transfer.

Mr E contacted Virgin Money as soon as he became aware of the charges. They told him the charges had been applied correctly so they wouldn't be reversing them.

Mr E complained to Virgin Money and asked them to refund any charges he had incurred as a result of these transactions and he asked them to provide clear information on how he could identify what transactions would be classified as cash transactions. He also asked for compensation for the distress and anxiety the situation had caused him.

Virgin Money responded and said cash advance fee information had been provided to Mr E at both the account opening stage and on his monthly statements. They also explained that the charging of a cash advance fee isn't an automated process so it wouldn't have immediately shown on Mr E's account.

Mr E brought his complaint to this service and one of our investigators looked into matters. She said she thought Virgin Money had provided sufficient information about cash advance fees and she didn't think that Virgin should refund all charges and interest associated with the transactions or provide compensation.

Mr E didn't agree so the case was escalated for an ombudsman's 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 sorry to disappoint Mr E, but I have reached much the same conclusion as our investigator and for broadly the same reasons. I've focused my comments below on what I think is relevant so if I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome in the circumstances of this complaint.

Firstly, I want to recognise the distress this matter has caused Mr E. I've no doubt Mr E didn't expect to be charged a cash advance fee based on the trial transaction for £10 that he carried out. So, I can understand why he was surprised to see the charges appear on his

statement and I can appreciate why he would've been frustrated and upset when he saw they had been applied.

However, for me to agree that Virgin Money have done something wrong, I'd need to see that the charges Virgin Money applied to the account were unreasonable and not in line with the terms and conditions of the account. Or, that the information Virgin Money provided to Mr E about these charges was unclear. And in this situation, I don't think that's the case.

Mr E transferred a cash sum from his credit card account to his partner's account. Although he used a third-party payment card to carry out the transaction, I think it is reasonable to consider this transaction to be the same as making a cash withdrawal directly from his card. As such I think it is fair to expect a cash advance fee to be charged in these circumstances.

I've considered Mr E's argument that if he were to make a purchase on this third-party card which he then recharged to Virgin Money, he would not have been charged a fee to do this. I understand the point Mr E is making but he did not make a purchase in this instance. On the contrary he transferred a cash sum to his partner's account. So, I can't agree that these transactions are the same.

I can understand why Mr E thought the charges wouldn't apply after he made the initial transfer but as Virgin Money have explained the fees don't instantly appear on the account. Mr E was obviously concerned that a charge might have been applied so I think it is reasonable to say that he could've mitigated his losses by contacting Virgin Money in advance to clarify what charges would apply.

Mr E is frustrated that Virgin Money haven't listed every circumstance in which a cash advance fee might be charged. I can't see that it would be possible for Virgin Money to provide a definitive list of every transaction that would incur a cash advance fee, so I've considered how they define a cash transaction to see if any of the examples they provide are relevant here.

Virgin Money say that a cash transaction is "*A transaction under which you receive a cash or cash substitute by using your card or card number, including foreign currency, traveller's cheques, postal orders, gambling transactions and any electronic transfers of cash which are not money transfers.*" I'm satisfied that the transactions in question were an electronic transfer of cash as opposed to a purchase and I've already explained my reasoning for this above.

Furthermore, on the third party's website there is a warning that cash advance fees may be applied to transactions, and they tell consumers to check their card issuer's terms and conditions for whether any fees might apply. So again, I think it is fair to say that Mr E should've contacted Virgin Money in advance of making the transactions if he wanted clarification on whether a charge would apply.

I'm sorry to hear of the impact the current pandemic has had on Mr E's circumstances and I do sympathise with him. However, I'm unable to find that Virgin Money has done anything wrong here so it wouldn't be fair for me to ask them to refund the charges.

My final decision

My decision is that I don't uphold this complaint for the reasons I've explained above, and I won't be asking Clydesdale Bank Plc trading as Virgin Money to take any further action in relation to this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 19 February 2021.

Tara Richardson
Ombudsman