

The complaint

Mr G complains that Tesco Personal Finance PLC allowed gambling transactions to go through on his credit card.

What happened

In November 2020, Mr G used his credit card for two gambling transactions. The first transaction was made on 1 November 2020 for £35 and the second was made on 7 November 2020 for £20. On each occasion, Tesco applied a cash transaction fee.

Mr G complained to Tesco as he felt that these transactions and fees had led to him exceeding his card limit and incurring an overlimit fee as a result. Tesco didn't uphold the complaint. In summary, they said that they had applied the fees in line with the terms and conditions of Mr G's credit card. Tesco also said that although there was a ban on credit cards being used for gambling, this was outside of their control and was the responsibility of the gambling merchants.

Mr G wasn't happy with Tesco's response and so he referred his complaint to our service. Our investigator didn't uphold Mr G's complaint. She said that Tesco was entitled to charge the cash transaction fees as their terms permitted this and Mr G had been notified of this in a Notice of Variation that had been sent to him in April 2018. She also said that Tesco had likely made an error in its final response letter when it told Mr G that he had purchased foreign currency.

Mr G didn't agree. He said that the Gambling Commission had introduced a ban on credit card use for gambling in April 2020 and that Tesco should have stopped the two gambling transactions he made. Mr G also said that Tesco had tried to pass these off as being foreign currency transactions which clearly wasn't the case.

As the matter couldn't be resolved, Mr G's complaint has been passed 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.

There's no dispute that Mr G used his credit card for gambling in November 2020. The crux of this complaint is whether Tesco should have allowed these to go through, and whether they were entitled to apply cash transaction fees if so.

Mr G has referred to the ban on credit card use for gambling that was introduced by the Gambling Commission in April 2020. However, this applies to gambling merchants and relates to them not taking payments for gambling by credit card. It wasn't introduced for banks to adhere to as the Gambling Commission has no regulatory oversight over them. So, the ban in and of itself wasn't a reason for Tesco to stop the transactions Mr G made.

I've had a look at Tesco's screenshots for these transactions and note that the gambling merchant appears to be based in the Republic of Ireland. So, there is some question around whether the gambling ban is relevant as this relates to operators that have a UK licence. However, Mr G would need to take that up with the gambling merchant he used.

Overall, I've not been persuaded that there was sufficient reason for Tesco to have blocked these transactions. Mr G hadn't, for example, contacted Tesco to explain that he needed help to prevent him from gambling. And the transactions were authorised by Mr G.

I've looked at the terms and conditions of the credit card and specifically the Notice of Variation that Tesco sent to Mr G with his April 2018 statement. This states that Tesco would apply '*a handling fee of 3.99% (no minimum charge) of the amount of cash transactions. Cash transactions are gambling transactions.....*'. I'm satisfied therefore that Tesco was entitled to apply a fee of 3.99% for both transactions Mr G made in November 2010, and that Tesco applied this fee correctly. So, it follows that Tesco weren't at fault for Mr G exceeding his card limit.

For the reasons I've given above, I won't be upholding Mr G's complaint. I've considered that Tesco said to Mr G that they applied fees because he had bought foreign currency. This clearly isn't correct. However, as I don't find that Tesco should have blocked the transactions in question, and as I'm satisfied that they applied the fees correctly, I don't consider this error to make any difference to the outcome of this complaint.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 20 May 2022.

Daniel Picken
Ombudsman