

## **The complaint**

Miss H complains that Sainsbury's Bank Plc unfairly applied a fee for a balance transfer on her credit card account.

## **What happened**

In March 2021, Miss H took out a credit card with Sainsbury's Bank which was advertised as being 0% on balance transfers for 18 months.

Between March and May 2021, Miss H made four balance transfers on the account without a problem. But when making a further balance transfer in June 2021, Miss H noticed a fee of £82.50 was applied to the account. As she was still within the 18-month period, Miss H believed this was an error and raised a complaint.

Sainsbury's Bank explained that whilst the balance transfers are interest free for 18 months, there are fees applicable to balance transfers made after the first three months. As the balance transfer in June 2021 was made six days after the three months ended, Sainsbury's Bank said the fee was applied correctly. It didn't uphold the complaint, so Miss H brought it to our service.

On reviewing the documentation Miss H was given regarding her credit card account, our investigator wasn't satisfied Sainsbury's Bank had provided clear, fair and not misleading information on the applicable fees. So he upheld the complaint and asked it to refund the £82.50 charge.

Miss H accepted this outcome to her complaint. But Sainsbury's Bank didn't, so it's 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 H took out this credit card online. Sainsbury's Bank has provided us with screenshots of the online journey, but these appear to be what is visible after the application has been successful. In addition, they don't appear to relate to the same offer that Miss H applied for.

In any event, I can see that under the heading "*your card offer*", it sets out the "*interest rates and charges*". Here, it confirms that balance transfers have an introductory rate of 0.00% for the offer period. It also confirms what the standard interest rate is after that. But there is no mention of fees here. Given the heading, I would expect that if there were any charges / fees applicable, they would be listed here.

Sainsbury's Bank say Miss H would've had to have read the terms and conditions as well as the pre-contract credit information before completing her application. So I've looked at these documents to see what information was included.

The credit card agreement is set out in a 28-page document and starts on page 5. On page 6, under the heading of *"APR and interest rates"*, there is a table showing the promotional rates. Under the column entitled *"on balance transfers, related interest and charges"*, it shows *"0.00% for 18 months from account opening"*. There's no mention of charges or fees here, despite it being included in the column heading.

On page 8, there is a separate heading of *"charges"*. It says *"we may charge a fee on the account of a balance transfer or money transfer. This will vary dependent on your current offer. You can find out what this is by calling us"*. There is no indication of what that fee would be and whether or not it's applicable on this promotional offer.

I can see that the pre-contract credit information sheet starts on page 11 of the 28-page document. On page 15, under the heading *"any other costs deriving from the credit agreement"* there is a bullet point list of different charges. Point three says *"a balance transfer fee of 0.00% on transfers made within your first three months (minimum £3). The charge will depend on your current offer thereafter. You can find out what this is by calling us"*.

The account terms and conditions start on page 20 and makes no mention of the interest rate or charges.

Miss H has provided us with the documentation she was sent following her successful application. This is a two-page document which, on page one, sets out the same promotional rates table as shown in the credit card agreement. On page two, under the heading of *"charges"* it states the same wording as the credit card agreement as quoted above.

I need to decide whether this information sets out to Miss H in a clear, fair and not misleading way that after three months, she will be charged a fee for balance transfers. And based on what I've seen, I don't think it does. I'll explain why.

This credit card was advertised as being "interest free". Whilst that doesn't mean the account is free from fees and charges, it gives the indication that Miss H can use her card for a period of time without incurring costs. So if there is information which contradicts this understanding, the information needs to be clearly and prominently displayed.

From what I've seen, the interest free promotional offer is displayed very clearly. And by including the word "charges" within the heading, it implies that these sections are also setting out any fees that are applicable. As none are listed, it's fair to conclude that there are no charges that would apply, which is misleading.

But on reading further into the documents, we find that Sainsbury's Bank says it *"may charge"* for balance transfers but that this *"will vary dependent on"* the promotional offer. And in the pre-contract agreement we find that the 0.00% fees for balance transfers is only for three months, but the charges thereafter are *"dependent on"* the promotional offer.

I can appreciate why Miss H found this unclear. And I think it's reasonable for her to assume that as she's on an 18-month promotional offer, this may not apply to her given the caveats I've quoted above.

I'm not satisfied this information is prominently displayed and that sufficient attention is brought to it. It's not enough for the information to be there when it's lost in a long document. That said, I'm not satisfied the information is sufficient regardless. If a fee is going to be applied, details of that fee should be given. It's not enough to say that a customer needs to call to find out what the fee will be. This isn't clear and fair information.

Sainsbury's Bank has also provided an advert for its interest free credit card. But this is a different offer with different terms regarding balance transfer fees. And it was advertised over six months after Miss H applied for this account. So I haven't found this to be persuasive evidence and I don't intend to comment on it further.

### **My final decision**

For the reasons I've explained, I uphold this complaint as I'm not satisfied that Sainsbury's Bank Plc provided Miss H with clear, fair and not misleading information regarding the applicable fees. Because of this, Miss H made a balance transfer that, had she known about the fee, I'm persuaded she would've made six days earlier – in which case, she wouldn't have been charged this fee.

I direct Sainsbury's Bank Plc to refund the fee of £82.50 to Miss H. It should do so within 28 days of confirmation that Miss H accepts this decision. Should Sainsbury's Bank Plc wish to apply this money to the credit card account in question, it's entitled to do so – which may mean this money is deducted from any balance owed to Sainsbury's Bank Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 30 March 2022.

Sheryl Sibley  
**Ombudsman**