

The complaint

Mr M complains about fees he was charged by Tesco Personal Finance PLC, trading as Tesco Bank.

What happened

Mr M holds a credit card account with Tesco.

In late 2022, he made some payments which incurred a cash transaction fee. Specifically, these payments were to an online trading and spread betting provider. Mr M was unhappy, he said he hadn't been told that such payments would incur a fee. So, he complained.

Tesco didn't uphold Mr M's complaint. In summary, it said that the cash transaction fee had been applied to the payments correctly. Tesco explained that it had, in 2018, sent customers a Notice of Variation (NoV) which detailed changes to the credit card terms and conditions. One aspect of these changes was a revised list of payments that Tesco deems to be cash transactions: payments for share trading, investments or gambling formed part of that list.

Mr M remained unhappy, so he contacted our service for an independent review. An investigator here looked at what had happened, but she didn't think Tesco had done anything wrong.

In short, she said that Tesco had charged the cash transaction fees fairly because the payments Mr M had made were classified as cash transactions.

She acknowledged that Mr M felt Tesco should've provided a warning before he could confirm the payments. She also noted that Mr M had said he didn't use the card much, so likely wouldn't have remembered or read any changes to terms and conditions. But none of that meant Tesco had done something wrong, and it didn't need to provide any warning before Mr M confirmed his payments.

Mr M disagreed, and he asked for an ombudsman's decision. So, as no agreement has been reached, the complaint has been passed to me to decide.

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 very little I can add to what our investigator has already explained to Mr M.

Tesco applied a cash transaction fee to the payments he made because, in-line with its terms and conditions, it deems them to be cash transactions. There's nothing inherently unfair or unreasonable about that.

Quite simply, Tesco has acted in accordance with the terms of its agreement with Mr M and there's nothing which makes me think it's made an error here.

Tesco is under no obligation to provide any further warning, in its mobile app, by text message or otherwise, each time a payment might incur a fee. Rather, Tesco provided Mr M enough notice of changes to the terms and conditions of its credit card by sending a NoV along with his April 2018 statement.

Mr M hasn't said that he didn't receive his April 2018 statement, or the attached NoV, and Tesco has no record of him contacting it about missing correspondence either. So, on balance, I think it likely that it was delivered to him. And that's all Tesco was required to do.

I've seen that Mr M has questioned whether anyone truly reads the terms and conditions of an agreement, and I understand the point he's making. But while I can't comment more widely on whether people do, or don't, read the terms of agreements they enter into – what I can say is that Tesco isn't at fault if Mr M didn't read his.

Ultimately, it doesn't mean that Mr M isn't bound by the agreement if he didn't read it or doesn't remember it.

In summary, then, Tesco has acted in-line with the terms of its agreement with Mr M and I don't find that it did something wrong in charging the cash transaction fees. It follows that I don't uphold this complaint, and I don't require Tesco to take any further action.

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 M to accept or reject my decision before 16 March 2023.

Simon Louth
Ombudsman