

The complaint

Miss O complained because London Community Credit Union Limited (LCCU) debited two payments from her account, which she hadn't authorised. She also wants a final statement, because access to her online account was blocked when she closed her account.

What happened

On 20 May 2022, Miss O emailed LCCU, saying she wanted to complain about some transactions on her account that she was unaware of. She'd noticed that £10 had been debited from her account in April 2021, and again in 2022 due to something called a member levy. Miss O told LCCU that she'd had many texts and emails from LCCU about applying for loans, attending AGMs and other news and offers, but she hadn't had anything about this levy. Nor had she agreed to funds being taken out of her account every year. Miss O said she'd gone to a branch to discuss it in person, but had been dissatisfied with the explanation, so she'd closed her account. She hadn't been given a final statement, and after the closure of the account she couldn't access her online account to view it. Miss O said she would like a refund of the £20 which had been debited without her authorisation, and also a final statement.

LCCU replied on 21 May, saying that Miss O's complaint would be logged, and she would receive a complaint response in line with LCCU's complaints procedure.

Miss O didn't hear anything more from LCCU, so she contacted this service.

Our investigator asked LCCU about Miss O's complaint, but LCCU didn't reply. So the investigator gave her investigation outcome on the information available to her.

The investigator's upheld Miss O's complaint. She said that because Miss O said she'd never been told about the yearly fee, or received any documentation to tell her it would be debited, LCCU should refund Miss O with the £20 it had debited. It should also provide her with a closing statement.

LCCU didn't reply, either to our investigator or to Miss O. So the complaint was referred to me for an ombudsman's decision.

After LCCU received the email saying that the complaint had been referred to an ombudsman, it replied to this service. It said that all members had been emailed about the levy charge via email, and had been invited to its Annual General Meeting, at which there had been an opportunity to vote on the charge. LCCU said that the board hadn't taken the decision lightly, and many credit unions already charged a joining fee or annual charge. LCCU said that the levy was permitted under its membership terms and conditions, which it quoted:

"18.1 We may make changes to the services or conditions of this account and we may introduce new services or conditions. Changes may be to the services or these conditions for the following reasons:

(g) if we reasonably believe the change is necessary in the interests of our business as a whole, for example to protect our financial strength.

19.1 In addition to the reasons listed in condition 18.1 we can make any changes to the charges applicable to the account or introduce new charges to respond to reasonable cost increases or reductions associated with providing the particular services to you..."

The investigator asked LCCU for evidence of the email address it held for Miss O, and also for evidence that LCCU had sent the email to the email it held on file.

LCCU didn't reply.

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 are regulations which govern disputed transactions, and the relevant regulations here are the Payment Services Regulations 2017. In general terms, the customer is liable if they authorised the payment, but not if they didn't.

I've considered LCCU's explanation that the annual £10 charge was permitted under the terms and conditions of Miss O's account. But I've looked at the whole terms and conditions on LCCU's website, not just the sections quoted by LCCU in its reply to us. After the sections above quoted by LCCU, its terms and conditions go on to say:

19.2 If we make changes to our payment services charges (including any charges detailed in conditions 3 to 7 and 8 to 12) for the reasons listed in condition 18.1 we will tell you about it by personal notice at least two months before we make the change. The change will apply to your account automatically. However, if you do not agree to such a change you can, at any time up to two months from the date we tell you of the change, switch your account or close it immediately without paying any extra charges or interest. If you do not switch or close your account you will be deemed to have accepted the change. Remember you can close your account at any time if you want (see condition 14).

19.3 For all other changes to charges (e.g. overdraft charges or account subscription fees) for the reasons listed in condition 18.1:

- (a) where the change is more favourable to you we will tell you about the change on our website, by branch notice, statement message or statement insert*
- (b) where the change we make is not favourable to you we will tell you about the change by personal notice at least 30 days before we make the change. The change will apply to your account automatically. However, if you do not agree to such a change you can, at any time up to 30 days from the date we tell you of the change, switch or close your account without paying any extra charges or interest. If you do not switch or close your account you will be deemed to have accepted the change. Remember you can close your account at any time if you want (see condition 14). "*

So LCCU's terms and conditions set out that it had to give Miss O personal notice of the introduction of annual charges. Miss O says she didn't receive any information about such a charge. As LCCU didn't respond to our request for evidence to demonstrate that it had emailed Miss O about the charges, I've concluded that it's more likely than not that LCCU failed to notify Miss O.

This means that the charges were unauthorised, and LCCU must refund Miss O with the total of £20 it debited in 2021 and 2022, in line with the Payment Services Regulations 2017. I also consider that it's fair and reasonable for LCCU to provide Miss O with a closing statement for her account.

My final decision

My final decision is that I uphold Miss O's complaint. I order London Community Credit Union Limited to:

- pay Miss O £20 to refund her for the two £10 debits it made to her account in 2021 and 2022; and
- provide Miss O with a closing statement for her account.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss O to accept or reject my decision before 26 July 2023.

Belinda Knight
Ombudsman