

## **The complaint**

Mr W complains about a cash advance fee applied to his credit card account by Clydesdale Bank Plc trading as Virgin Money.

## **What happened**

In September 2021, Mr W opened a credit card account with Virgin Money. In July 2022 Mr W used his Virgin Money credit card to send a payment of £3,952 to an account with a business I'll call "P". This was a transaction Mr W said he'd made several times before. But on reviewing his credit card statement he saw that Virgin Money had applied a cash advance fee of £199.10 for the transaction.

Mr W queried the fee as he said it wasn't a cash advance but the settlement of an invoice. He said he was told by Virgin Money that "P" would deem the transaction as being a cash advance hence the cash advance fee. He was advised to contact "P" and if the transaction was returned under the same reference number, they'd refund the cash advance fee.

Mr W said he took this action but when he asked for the fee to be refunded Virgin Money said this couldn't be done as the refund didn't show the same date or reference number as the initial transaction. Mr W complained to Virgin Money about this.

Virgin Money said they revised their terms and conditions about cash advances in August 2021. In July 2022 they said they sent a reminder to Mr W about the new terms "going live" that same month. The terms expanded the circumstances under which they'd apply a cash transaction fee. Virgin Money advised that the new terms meant it would classify certain transactions as a cash advance and gave examples.

And this meant that certain transactions Mr W had made in the past would now be deemed to be a cash advance as was the case with this transaction. Virgin Money said they'd explained to Mr W how he could get a refund of the fee. But for a refund to be made it needed to have the same reference number as the original transaction. But it didn't. Virgin Money as a gesture of goodwill waived a small interest charge and offered Mr W £25.

Mr W wasn't happy with Virgin Money's response as it wasn't in his control to be able to get the same reference number, but the same amount as the original transaction had been refunded by "P". He referred his complaint to us.

Our investigator said Virgin Money hadn't acted unfairly or unreasonably in their actions with Mr W.

Mr W didn't agree and asked for an ombudsman 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.

I understand why Mr W feels that the charge is unfair as he's shown the same amount that incurred the fee has been returned to him. But having considered the evidence I'm not upholding this complaint as I'm unable to say that Virgin Money applied the fee incorrectly or unfairly, because the fee has been applied in line with the relevant terms and conditions. Or that they've acted unfairly and unreasonably in their actions with Mr W.

Virgin Money can't provide the exact email which was sent to Mr W about the proposed changes that should have come into effect in August 2021. Instead, they've provided a template of what the email would have said and have shown that a cash advance fee reminder was sent to Mr W in mid-July 2022. So, I'm satisfied that it's more likely than not that Mr W was provided with proper notice of the changes to the terms and conditions that should have come into effect on 5 August 2021.

The reminder explained that in addition to the withdrawing of cash or buying foreign currency or travellers' cheques, a cash advance fee would be applied when making:

- Gambling and spread betting transactions
- International money transfers
- Paying off other borrowing (like making payments to wards a loan or mortgage or using your card to pay another credit card instead of doing a Balance Transfer)
- Adding money to a prepaid card, virtual card or e-money account
- Investment activity like binary or share trading.

And explained that this could mean that for some transactions Mr W had made in the past, he could now see a cash advance fee applied. The reminder also provided online help for any questions about the changes.

I can see the transaction made by Mr W was to a business that provides an online electronic money (e-money) payment transfer system that allows its users to make and receive payments online. And I think the proposed changes show that a cash advance fee can be applied to an e-money account. So, I think it was clear that money sent to an e money account could be considered as a cash advance. And I can see that Mr W has accepted this.

But when Mr W questioned Virgin Money about the fee and was told that it was the merchant "P" that deemed the transaction to be a cash advance, he asked how he could get the fee removed. I can hear in the call that Mr W was told that the fee could be refunded if he'd the transaction that had generated the fee reversed. But for the refund to be made Virgin Money said the reversed transaction had to show the same reference number and date it'd been made.

I can understand Mr W's frustration as "P" has returned the same amount to him. But the date and reference number differ from the original transaction so Virgin Money haven't refunded the fee. Virgin Money has shown the initial transaction was made 22 July 2022, but the transaction for the same amount that was returned to Mr W is dated 17 August 2022. And the transactions have different reference numbers, so I can't say that Virgin Money has acted unfairly or unreasonably as they can't reconcile the transactions as being the same and the one the cash advance fee was applied to.

I know Mr W will be disappointed by my decision, but I think its for him to work with "P" to provide the details that show the transaction that caused the cash advance fee to be incurred has been returned to him.

So I can't say that Virgin Money has acted unfairly or unreasonably.

**My final decision**

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 25 November 2023.

Anne Scarr  
**Ombudsman**