

The complaint

Mr M complains that Clydesdale Bank Plc trading as Virgin Money applied a cash charge fee to his transaction and then didn't refund this when the transaction was refunded. He wants the charge and associated interest refunded as well as compensation for the time he has spent dealing with this.

What happened

On 3 April 2023, Mr M made a payment using his Virgin Money credit card. The payment was treated as a cash advance which he wasn't expecting and a charge of £492.50 was applied. Interest was then added. Mr M contacted Virgin Money to ask about the charge and was told the transaction was deemed as cash-like and so the charge was applied in line with the account terms. He contacted the merchant who agreed to refund the payment so Mr M could make alternative payment arrangements. Although the merchant refunded the amount paid, Virgin Money didn't refund the cash advance charge. Because of this, Mr M raised a complaint.

Virgin Money sent a final response letter dated 19 April 2023. It set out the types of transactions that would be deemed to be a cash advance and said these were set out in the account terms and conditions. It said that the payment Mr M made on 3 April 2023 was deemed a cash transaction and so the cash advance fee was applied. It said that although Mr M had repaid the money the fee was incurred for the service provided.

Mr M wasn't happy with Virgin Money's response and referred his complaint to this service. He said that Virgin Money didn't return his call as promised and that it didn't fully understand his complaint noting that Virgin Money's response said he had repaid the transaction amount rather than the amount being refunded. Mr M says that as the original transaction was refunded the charges should also be refunded.

Our investigator didn't uphold this complaint. He said that Mr M's transaction fell into the category of a cash transaction as per the account terms and so the fee was applied. He noted Mr M's comment about the money being refunded rather than repaid but said that Virgin Money had clarified that the letter should have said the money was refunded. He didn't find that Virgin Money had done anything wrong by applying the transaction fee and then not refunding this.

Mr M didn't agree with our investigator's view. He didn't accept that Virgin Money saying the money was repaid rather than refunded was an error and instead said that Virgin Money hadn't taken time to understand his complaint. He said he wasn't disputing that Virgin Money couldn't charge the cash advance fee. But that the fee should have been refunded when the transaction was refunded. He said there was nothing in the terms and conditions to say this wouldn't happen.

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 can understand why Mr M is upset that a cash advance fee was applied to his transaction as he hadn't expected this. However, Virgin Money has provided details of the transactions that will be considered cash advances and evidence that this information had previously been provided to Mr M.

Mr M has said the transaction was a payment to a builder. Given this I do not find it unreasonable to accept that the transaction fell within the cash advance transactions set out by Virgin Money and I note that Mr M has also said that he wasn't disputing that Virgin Money couldn't charge the cash advance fee. Given this I do not find I have evidence to say the initial cash advance charge was applied incorrectly.

Once Mr M became aware of the charge being applied to his transaction, he arranged for the merchant to refund his transaction so he could make alternative payment arrangements. I understand that Mr M thought this would result in the cash advance charge also being refunded and why, when this didn't happen, he raised a complaint. But for me to uphold this complaint I would need to be satisfied that Virgin Money had done something wrong or treated Mr M unfairly.

I appreciate Mr M's concern that Virgin Money hadn't fully understood his complaint as it had referred to the transaction amount being repaid rather than refunded. However, Virgin Money has clarified that it should have referred to the transaction being refunded. It has also explained that cash advance fees are non-refundable. I understand that Mr M doesn't think that this is fair but as the terms set out the fees that will be applied for a cash advance and Mr M made use of the service, I cannot say Virgin Money was wrong to apply the charge. I haven't seen anything in the account terms to say that a refunded transaction would result in the charges applied to that transaction being refunded, so I do not find I can say that Virgin Money was required to make the refund. As Virgin Money has confirmed that these charges are non-refundable and it has taken its usual approach in regard to Mr M's situation, I cannot say that it has treated him unfairly.

While I know that my decision will be a disappointment to Mr M, in this case I do not find I can say that Virgin Money has done anything wrong or treated Mr M unfairly. Therefore, I do not uphold this complaint.

My final decision

My final decision is that I do not 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 15 January 2024.

Jane Archer
Ombudsman