

## **The complaint**

Mrs M complains that Bank of Scotland plc trading as Halifax (“Halifax”) treated her purchase of a gift card as a cash transaction, which negatively impacted on her credit score.

## **What happened**

On 2 May 2023 Mrs M went online and purchased a gift card from a retailer in the United States. The purchase price was \$50 (converted to £40.18). The transaction appeared on Mrs M’s credit card statement as “online/phone/mail order purchase”.

Mrs M later received an alert from a credit scoring company advising her that she’d used a credit card to withdraw cash. Mrs M checked and found that her credit score had dropped. She became concerned that someone had fraudulently used her credit card to withdraw cash and contacted Halifax.

Halifax advised Mrs M that this related to the transaction on 2 May 2023. It advised her that gift card purchases are classed as cash advances.

Mrs M complained to Halifax. She said she couldn’t see anything in the terms and conditions of the credit card to show what would be classed as a cash advance.

Halifax didn’t uphold the complaint. It said the purchase of the gift card had been categorised as a cash transaction by the merchant and as such it had been reported to the credit reference agencies. Halifax said it wouldn’t remove the cash advance from Mrs M’s credit file because no error had occurred in the reporting of the information.

Mrs M wasn’t happy with the response and brought her complaint to this service. She wants the cash advance removed from her credit file.

Our investigator didn’t uphold the complaint. They said that Halifax hadn’t recorded the transaction incorrectly or acted outside of the terms and conditions of the account.

Mrs M didn’t agree so I’ve been asked to review the complaint.

## **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 appreciate that Mrs M didn’t know that paying for a gift card using her credit card would be categorised as a cash advance. In this case, no cash advance fees were charged but Mrs M’s credit file was negatively impacted.

I’ve reviewed the terms and conditions of Mrs M’s credit card account. Under the description “Cash equivalent” the terms and conditions state that this definition includes using your available credit limit to make cash related or cash substitute transactions including .... Purchasing or topping up electronic money, payment cards, mobile wallets or account dashboard services.

Mrs M has said that Halifax didn't make it clear that the transaction would be processed as a cash advance. She's said that the information is confusing.

Whilst the terms and conditions don't specifically mention the word "gift card", I think its clear from the wording used in the terms and conditions that any cash related or cash substitute transaction will be treated as a cash equivalent. A gift card isn't cash, but it does have a cash value and can be used in store to make purchases in the same way as cash.

In order to uphold this complaint and ask Halifax to amend Mrs M's credit file, I would need to be persuaded that Halifax has made an error.

In this case, it was the category code used by the merchant for the transaction which informed Halifax that this was a cash transaction. In other words, the merchant processed the purchase of the gift card as a cash transaction. Halifax is under an obligation to report accurate information to the credit reference agencies. Here, Halifax has reported a cash transaction. Taking into account the way the merchant categorised the transaction and having reviewed the terms and conditions of the account, I'm unable to say that Halifax made an error in the reporting of the information.

For these reasons I'm unable to ask Halifax to amend Mrs M's credit file.

Halifax has explained to Mrs M that she can add a notice of correction to her credit file. This is a short statement whereby Mrs M could add further information to the relevant entry on her credit report. It's still open to Mrs M to do this if she wishes.

### **My final decision**

My final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 19 February 2024.

Emma Davy  
**Ombudsman**