

The complaint

A partnership which I'll call 'S' complains that Retail Merchant Services Limited ('RMS') breached its agreement by increasing the card transactions fees they were charged.

The complaint is brought on S's behalf by one of the partners, Mr P.

What happened

Mr P told us:

- S had received notification in September 2021 from RMS's partner acquiring bank, which I'll call 'E', to say that it was increasing its fees with effect from December 2021.
- S contacted RMS in November 2021 to cancel their contract giving the required 30 days' notice. However, RMS offered them a new 18-month contract which would take effect from January 2022 based on the old fee structure - which they then accepted on this basis.
- RMS had breached the agreement terms by not using the original fee structure which was the main reason that S had signed the new agreement in November 2021.
- He wanted a refund of the increased fees S had been charged by RMS and compensation for the inconvenience caused.

RMS told us:

- It hadn't increased the fees this was a decision taken by the acquiring bank and it had simply passed these fees onto customers.
- It had no control over the fees or actions taken by E and couldn't be held responsible for their decisions.
- E had communicated the increases in writing to S's registered postal contact details before they had taken effect, and this was in line with the agreement.
- It had offered to remove the authorisation fee for S going forward and cover the costs itself. However, S wasn't entitled to a refund of the charges which had already been applied.
- It couldn't locate the call with Mr P, however, it acknowledged it should have communicated E's increased charges better. So, it agreed to refund the charges for January and February and offered Mr P £100 compensation for the inconvenience caused.

Our investigator thought RMS had done enough to put things right. He thought RMS had made a mistake in not honouring the fees in the new agreement, however if it had offered to refund the additional charges so this would mean S hadn't suffered a financial loss. He also thought RMS had acted quickly to put things right by removing the additional charges from the following month after it was aware of the error, so the £100 compensation was enough to put things right.

Mr P didn't agree as he wanted significantly more compensation and asked for an ombudsman 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.

Having done so, I've decided not to uphold it. I'll explain why.

There isn't much more that I can add to what our investigator has already said. Mr P says it's unfair that RMS has increased the fees charged to S and this is a breach of the agreement he signed.

I recognise that it would have been frustrating for Mr P that S was charged higher fees than they expected in January and February, and that this wasn't in line with what had previously been agreed. I've seen that when Mr P contacted RMS about the extra fees, it arranged for these to be waived from March 2022 onwards. So I think it acted quickly to minimise the financial impact on S. I recognise there was a disagreement on whether or not the fees should be paid for January and February, however, RMS has apologised for its mistake and agreed to refund the extra charges S incurred during that two-month period. So I think it's done enough to put things right here.

Mr P says that S suffered a loss of business because of the increased fees charged by RMS, but I haven't seen any evidence that's the case. I'm also not persuaded based on the circumstances of the complaint and the invoices provided, that S suffered a significant impact other than being charged slightly more for certain transactions during this two-month period. So I won't be awarding any compensation for this.

I think it's also worth noting here, that the agreement Mr P signed with RMS says that "We may from time to time, vary or amend the terms of our membership agreement at our discretion. You will be notified in writing of any changes to the terms and conditions no later than 30 days before any variations or amendments are implemented". So although RMS made an error on this occasion, it doesn't mean that it isn't able to vary the terms of the agreement in the future or that this would constitute a loss of business to S.

Mr P says that this issue has caused him inconvenience and he's spent many hours on the phone and sending emails to RMS. I recognise that this issue has meant Mr P has had to take time away from S, however when awarding compensation, I have to look at the wider circumstances of the complaint. In this case, S paid extra fees which totalled around £60, and whilst I acknowledge that this loss of income would have impacted S, I'm not persuaded this had the significant impact that Mr P has mentioned. So based on what I've seen, I think the £100 compensation offered by RMS is enough to put things right.

My final decision

Retail Merchant Services Limited has already made an offer to refund the extra charges incurred by S for January and February 2022 and pay £100 compensation to settle the complaint and I think this offer is fair in all the circumstances.

So my decision is that Retail Merchant Services Limited should resolve the complaint in the way it has offered.

Under the rules of the Financial Ombudsman Service, I'm required to ask S to accept or reject my decision before 7 November 2023.

Jenny Lomax
Ombudsman

