

## **The complaint**

Mr B complains about charges that were applied to his credit card account following four transactions he made on his credit card with Clydesdale Bank Plc, trading as Virgin Money.

## **What happened**

Mr B holds a credit card account with Virgin Money. Across June and July 2023, he used his card to make four payments – two to one company, and two to another. These transactions were treated as cash advances, and they attracted the applicable rate of interest for such transactions. They also came with a cash advance fee of 5% of the transaction amount.

Mr B complained to Virgin, and said it wasn't fair of them to apply these charges to the transactions, as it wasn't clear they would attract these fees; nor was it clear they would be charged at the point of transaction. He said had he known these fees would be applied, and in the way that they were, he wouldn't have carried them out. He said that he complained to other providers about a similar issue, and they agreed to waive the fees, so he thinks Virgin should do the same.

Virgin responded. They explained that they deem a cash advance transaction as cash a customer withdraws using their credit card, including from an ATM, buying foreign currency or traveller's cheques and gambling transactions. They said that any cash advance transaction will be charged at the standard interest rate of 24.90% and will come with a cash advance fee of 5% of the transaction amount. They said that they deemed all four transactions to be cash advances, and the merchant had presented them as such. They were therefore satisfied the charges applied to the account were done so correctly. So, they didn't uphold Mr B's complaint. Unhappy with this, Mr B brought his complaint to our service.

An investigator considered Mr B's complaint and said that he was satisfied that the credit agreement explained that a fee would be applicable for any cash advance transactions. He also said that the credit agreement set out that these included *"international money transfers and paying off other borrowing (like making a payment towards a loan or mortgage or using your card to pay another credit card instead of doing a balance transfer)"*. He said he was therefore satisfied the payments Mr B made met the definition of a cash advance, so he didn't recommend Mr B's complaint be upheld.

Mr B remained unhappy, so the case has been passed to me 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.

The credit agreement that Mr B was provided when the credit card was arranged, has a section titled – *"What interest rates, fees and charges apply?"*. This section sets out that cash advances will attract an annual Interest Rate of 24.9% per annum and will be subject to a transaction fee of 5.00% (minimum £0.00). It also lists some examples of types of

transactions that would be treated as cash advances. So I think the fees and interest that would apply to such a transaction were made clear.

I can also see that Mr B was sent correspondence throughout the life of the agreement, one of which was titled, “*your terms are changing*”, and which included an up-to date copy of the credit card terms and conditions. Within those terms, there was a section titled ‘*cash advances*’ which set out the following:

*“We're updating the definition of a Cash Advance. This still includes cash you withdraw using your credit card and buying foreign currency or traveller's cheques - but we've made it clear that a cash advance also includes:*

- gambling transactions and spread betting.*
- international money transfers.*
- paying off other borrowing (like making a payment towards 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 - this includes binary trading, share trading and adding money to an investment account.”*

In June 2023, the two payments made were to a credit provider, and the two payments made in July 2023 were to a foreign exchange provider. So, I'm satisfied the payments Mr B made, meet the above definition of a cash advance, and that this change in definition was brought sufficiently to Mr B's attention when the revised terms were sent to him.

Overall, with all of that in mind, I'm satisfied it wasn't unfair for Virgin Money to apply the charges it did, and I won't be instructing them to take any further action.

### **My final decision**

My final decision is that I do not uphold Mr B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 5 February 2024.

Brad McIlquham  
**Ombudsman**