

The complaint

Ms J complains that her London Mutual Credit Union (“LMCU”) card was declined for contactless payment numerous times.

What happened

Ms J says that her LMCU card stopped working when trying to pay for bus travel on new year’s day when she was taking her children on a day out. Ms J attempted to pay for the journey on two or three occasions, but each attempt was declined forcing her to use her credit card to pay.

This happened again when changing buses and at this point Ms J made the decision to return home being frustrated and cold from walking in the rain. To make the return journey Ms J had to once again use her credit card. Ms J complained to LMCU about this.

LMCU didn’t uphold Ms J’s complaint. It apologised for the inconvenience caused and explained that her card was declined due to reaching her contactless payment limit (5 transactions or £120) and advised her to utilize the card as chip and PIN and the contactless feature will be reactivated. Ms J was dis-satisfied with this and brought her complaint to this service. Ms J wants to be compensated properly for the distress and inconvenience caused.

Following this LMCU have accepted that this was inconvenient and have offered to reimburse Ms J’s travel costs and compensate her £50. One of our investigators looked into Ms J’s concerns and thought LMCU’s offer was fair way to settle her complaint in consideration of the inconvenience caused.

Ms J disagreed she says there has been numerous occasions she has been forced to use alternative payment methods because her debit card has been declined for contactless payments for no valid reason and has asked for an ombudsman’s decision.

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.

Firstly, to be clear this decision only deals with Ms J’s complaint point regarding the experience she had with using her debit card on 1 January 2024. I understand Ms J has had some further issues with the service received by LMCU but she will need to raise these issues separately with LMCU first before this service can look into them.

Secondly, I hope that Ms J won’t take it as a discourtesy that I’ve condensed her complaint in the way that I have. So I’ve concentrated on what I consider to be the crux of the complaint. Our rules allow me to do that. And the crux of Ms J’s complaint is that she was unable to use her card for contactless payments when trying to pay for a bus journey. Ms J wants to be compensated properly for this.

It might be helpful for me to say here that, as we are not the regulator, I cannot make LMCU change its systems or processes – such as how transactions are processed or what security measures a bank puts in place. We offer an informal dispute resolution service and we have no regulatory or disciplinary role.

My role is to look at the problems Ms J has experienced and see if the LMCU has done anything wrong or treated them unfairly. If it has, I would seek – if possible - to put Ms J back in the position she would've been in if the mistakes hadn't happened. And I may award compensation that I think is fair and reasonable.

In this case it is not disputed that Ms J had trouble using her debit card to make contactless payments for her bus travel on 1 January. The transaction failed because Ms J had reached her limit (5 transactions) for this type of payment. From what I understand Ms J would've been able to reset her card for contactless payment by transacting on the card using chip and pin as she has previously done before.

So I don't think the problems Ms J experienced is through any error on LMCU's part. My understanding is having contactless transactional limits in place is a security measure and although it may have caused some inconvenience and even embarrassment, I don't think the extra security measures are unfair. Indeed, while I wouldn't tell LMCU how to run its business or what security measures it needs in place, I would expect it to take reasonable measures to protect its customers against theft and fraud.

In any case LMCU has apologised for the inconvenience this caused Ms J and offered to reimburse her for her travel costs and compensate her £50 which I think is fair in the circumstances. Things don't always go smoothly and I can't see that Ms J has lost out financially due to the situation and am not persuaded the detriment Ms J suffered warrants compensation above that already offered.

So overall and having considered everything think LMCU has done enough to settle Ms J's complaint and I'm not going to ask it do anything more.

My final decision

For the reasons I've explained I've decided what London Mutual Credit Union Limited has offered Ms J is enough to settle her complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms J to accept or reject my decision before 10 July 2024.

Caroline Davies
Ombudsman