

## **The complaint**

Mr V complains that Clydesdale Bank plc, trading as Virgin Money, has processed two online payments, that should have been classed as purchases, as cash transactions so cash advance fees and interest have been charged to his account.

## **What happened**

Mr V has a Virgin Money credit card account. He made payments of £1,937.43 and £6,650 to the account in December 2023 so the account had a credit balance. He then made payments, including a payment of £3,000 in December 2023 and a payment of £2,600 in January 2024, that were treated as cash advances so cash advance fees and interest were charged.

Mr V complained to Virgin Money about the cash advance fees and the interest on those payments but it didn't agree that it had acted incorrectly so his complaint wasn't upheld. It said that the merchant had processed both payments as cash transactions and that it had then acted appropriately, in line with its terms and conditions, and applied cash advance fees. It said that it had issued its customers with change of terms correspondence to tell them about several changes including changes in cash advances. The correspondence states that a cash advance also includes paying off other borrowing (like making a payment towards a loan or mortgage or using a card to pay another credit card instead of doing a balance transfer).

Mr V wasn't satisfied with its response so complained to this service. His complaint was looked at by one of this service's investigators who, having considered everything, didn't think that it should be upheld as she thought that Virgin Money hadn't acted unfairly by applying the cash advance fee and interest. She was satisfied that Mr V used his Virgin Money credit card to pay into another credit card so those transactions were classed as cash transactions, even though his account was in credit at the time.

Mr V didn't agree with the investigator's recommendation and asked for his complaint to be considered by an ombudsman. He says that Virgin Money's practices exhibit inconsistencies, compounded by a failure to provide comprehensive terms and conditions, which leaves customers uncertain about which transactions may incur levies.

## 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.

Mr V used his Virgin Money to make payments of £3,000 in December 2023 and £2,600 in January 2024 to another credit card account. Virgin Money says that the merchant processed both payments as cash transactions.

It also says that it changed its terms and conditions sometime after August 2021 and it has provided the notice that it sent to its customers, which says:

*"We wanted to remind you about some of the changes to the definition of a Cash Advance, which, as well as using your credit card to withdraw cash or buy foreign currency or travellers cheques, now includes the following:*

- *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.*

*This means that for some transactions you may have made in the past, like paying off a credit card bill or buying crypto-currency with your Virgin Money Credit Card, you could now see a Cash Advance fee on your statement and interest applied in line with the Cash Advance annual interest rate".*

I consider that using a Virgin Money credit card to pay another credit card would properly be considered to be a cash advance under the updated terms and conditions. Mr V says that he's made multiple transactions using the same method and they have all been classed as purchases. That may be because the merchant has changed the way that it processes the payments but even if Virgin Money has dealt with those payments as purchases previously, it doesn't mean that it was wrong to treat the payments that Mr V made in December 2023 and January 2024 as cash advances.

Mr V had made payments of £1,937.43 and £6,650 to his Virgin Money credit card account in December 2023 so the account had a credit balance. But those were payments that Mr V chose to make to his Virgin Money credit card account and his account being in credit doesn't mean that the two payments that he made weren't cash advances.

I consider that Virgin Money has correctly treated those payments as cash advances and that it has charged cash advance fees and interest on those payments as it was entitled to do under the terms and conditions of the account. I appreciate that this will be disappointing for Mr V, but I'm not persuaded that it would be fair or reasonable in these circumstances for me to require Virgin Money to refund to him those fees and interest or to take any other action in response to his complaint.

**My final decision**

My decision is that I don't uphold Mr V's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr V to accept or reject my decision before 9 October 2024.

Jarrold Hastings  
**Ombudsman**