

The complaint

Mr T complains that Barclays Bank UK PLC ("Barclays") provided him with incorrect information about the categorisation of some transactions on his credit card account.

What happened

I issued a provisional decision on this complaint last month. In that decision I explained why I thought the complaint should be upheld and what Barclays needed to do to put things right. Both parties have received a copy of the provisional decision but, for completeness, I include some extracts from it below. In my decision I said;

Mr T holds a credit card with Barclays. Shortly after opening the credit card he called Barclays to enquire whether some transactions he had recently made would be classed as being cash transactions. Mr T was aware that transactions of that nature would attract an additional fee, and might cause harm to his credit rating. Barclays correctly confirmed that the transactions had not been classed as being cash. But it then incorrectly told Mr T that any cash transactions he attempted in the future would be declined.

Later that month a transaction Mr T made was categorised as cash so he was charged a cash transaction fee of £2.99. And over the following months many more transactions were categorised as being cash, and further fees were charged. Mr T has shown us that he hasn't opened the monthly statements that were available in his banking app. So he says he was unaware that the information Barclays had given him when he first opened the credit card was incorrect. He discovered the problem following a substantial fall in his credit score.

Mr T complained to Barclays about what had happened. At first Barclays told Mr T that it didn't think it had done anything wrong. It said it had been correct to say the two transactions Mr T queried had not been categorised as cash. But following further discussions with Mr T it later accepted that the information he'd been given about cash transactions being declined was incorrect. But it said that it should have been clear to Mr T, from the statement he was sent the following month, that cash transactions could be made on his credit card and that he was being charged a fee for them. Barclays refunded the £2.99 fee that Mr T had been charged for the first cash transaction, but declined to take any additional steps including changing what it had reported to his credit file. Unhappy with that response Mr T brought his complaint to us.

As my starting point for considering this complaint I have listened to the call that Mr T had with Barclays on 31 October 2023. Mr T says that he was later told by Barclays that shortly before that time it had merged its teams dealing with queries about credit cards and other banking problems. So he says he now thinks it is possible that the advisor he spoke to didn't really understand the questions he posed. And having listened to the call I think that conclusion is reasonable. It doesn't seem that the advisor understood what Mr T was asking. But, instead of referring his questions to a more experienced colleague, the advisor gave incorrect information to Mr T.

Mr T was effectively told by Barclays on that call that he wouldn't be able to make cash transactions using his credit card – he was told transactions of that nature would be declined. So from that point Mr T would have been confident that, when a transaction was accepted, Barclays hadn't categorised it as cash.

But as I've said earlier, that wasn't the case. And it is clear from Mr T's monthly credit card statements that a number of his transactions were being categorised as cash. That had two main impacts. Mr T needed to pay a transaction fee each time he made an affected transaction. And, in line with its reporting obligations, Barclays told the credit reference agencies of the value of Mr T's cash transactions. Credit cards aren't intended for transactions of that nature, so that reporting would have an adverse effect on Mr T's credit score.

Barclays accepts that the information it gave to Mr T was incorrect. But it says it would have been clear to him from his credit card statements that its advisor had made a mistake. So it thinks it is reasonable to consider the mistake as being corrected when the next credit card statement was issued.

But Mr T only received electronic copies of his statements – they weren't sent to him by post. And he has shown us, from his Barclays banking app, that the statements hadn't been opened by him. I've looked carefully at the terms and conditions that apply to Mr T's credit card and they don't appear to place any obligation on him to either open, or check, those statements. Whilst it might be good practice to do so, I cannot reasonably conclude that Mr T did anything wrong by leaving his statements unopened.

By not opening his statements, and seeing some of his transactions categorised as being cash, Mr T had no reason to doubt the incorrect information he'd been given by Barclays in October 2023. He only became aware that there was a problem when he was notified by a credit reference agency of a large deterioration in his credit score. And it seems to me that it is only from that time that Mr T should be expected to have stopped using his credit card for the affected transactions. From Barclays records Mr T first got in touch about the problem on 31 January 2024.

So I am entirely satisfied that the only reason Mr T used his credit card for cash transactions is because he was given incorrect information by Barclays. And, I am not satisfied that it is reasonable for Barclays to conclude that Mr T should have realised the information he'd been given was incorrect from the credit card statements he was sent, but didn't open. So I currently think that Barclays needs to take the steps I've set out below in order to compensate Mr T for the losses he has experienced as a result of the incorrect information he was given.

I invited both parties to provide us with any further comments or evidence in response to my provisional decision. Mr T has said that he agrees with my provisional findings. Barclays doesn't agree and has sent us some further comments. Although here I am only summarising what Barclays has said, I want to confirm that I have read, and carefully considered, the entire response.

Barclays says that it has refunded the cash transaction fees from December 2023 and March 2024 as it agrees the information given to Mr T in October 2023 should have been clearer. But it doesn't think the information given on that call warrants any changes to its credit reference agency reporting. It says that the call provided no general information to Mr T about cash transactions – just about the two specific transactions that had recently been processed. So it doesn't agree that it provided incorrect information to Mr T and that

fair and accurate information has been reported to the credit reference agencies in line with its reporting responsibilities.

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.

As I set out in my provisional decision, in deciding this complaint I've taken into account the law, any relevant regulatory rules and good industry practice at the time. I have also carefully considered the submissions that have been made by Mr T and by Barclays. Where the evidence is unclear, or there are conflicts, I have made my decision based on the balance of probabilities. In other words I have looked at what evidence we do have, and the surrounding circumstances, to help me decide what I think is more likely to, or should, have happened.

And I repeat my reflections on the role of this service. This service isn't intended to regulate or punish businesses for their conduct – that is the role of the Financial Conduct Authority. Instead this service looks to resolve individual complaints between a consumer and a business. Should we decide that something has gone wrong we would ask the business to put things right by placing the consumer, as far as is possible, in the position they would have been if the problem hadn't occurred.

It seems there is a contradiction in the information that Barclays has given us in response to my provisional decision. It has now refunded some additional cash transaction fees to Mr T as it *"agreed the member of staff Mr T spoke to on 31 October 2023 could have provided clearer information about the transactions"*. But it then goes on to say that it doesn't think Mr T was told anything about how future cash transactions would be treated so its credit reference agency reporting is correct.

The imposition of cash transaction fees and the reporting of transactions to the credit reference agency are entirely linked. If Barclays thinks that the cash transaction fees might have been caused by some poor information, I cannot see how the reporting to the credit reference agencies is not similarly affected.

But regardless I have listened again to the call Mr T had with Barclays on 31 October. As I said in my provisional decision it is clear that the member of staff he spoke to was not sufficiently experienced to answer the questions that he posed – in fact it seems to me that they didn't really understand the importance of whether something was categorised as a cash transaction. At one time Mr T was told that if he had made the transaction online it couldn't be cash!

In order to try and help the member of staff, Mr T asked whether he had a cash transaction limit on his account. Specifically he said he thought he might not be enrolled in cash transactions. The member of staff confirmed that was a correct statement. So I share Mr T's conclusion that, if his card was not enrolled in cash transactions, he couldn't make them – and so it would be logical to conclude that any future cash transactions would be declined.

So I remain satisfied that Mr T did reasonably have an expectation, based on the information Barclays had given him, that he couldn't use his card in the future to make cash transactions.

So I still conclude that the only reason Mr T used his credit card for cash transactions is because he was given incorrect information by Barclays. So I think that Barclays needs to take all the steps I set out in my provisional decision, and I've repeated below, in order to

compensate Mr T for the losses he has experienced as a result of the incorrect information he was given.

Putting things right

Barclays should do the following to put things right for Mr T;

- Refund to Mr T (unless it has already done so) any cash transaction fees added to his credit card account for transactions that took place between 31 October 2023 and 31 January 2024. Barclays should add interest of 8% simple a year on any refunded fees from the date they were paid (if they were) to the date of settlement.

HM Revenue & Customs requires Barclays to take off tax from this interest. Barclays must give Mr T a certificate showing how much tax it's taken off if he asks for one

- Remove any reporting of cash transactions from Mr T's credit file in relation to payments made on his credit card between 31 October 2023 and 31 January 2024.
- Pay Mr T £100 for the distress and inconvenience this error will have caused to him.

My final decision

My final decision is that I uphold Mr T's complaint and direct Barclays Bank UK PLC to put things right as detailed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 8 October 2024.

Paul Reilly
Ombudsman