

## **The complaint**

Mr K complains that Barclays Bank UK PLC trading as Barclaycard didn't give him enough information before he made a transaction on his account. He says that, as a result, he suffered negative consequences which he wasn't expecting.

## **What happened**

Mr K holds a credit card account with Barclaycard. He used the card to buy foreign currency and Barclaycard charged a cash transaction fee on the purchase. Mr K said that shouldn't have happened. He said there isn't clear information on Barclaycard's website about this, so customers can't make an informed decision. And he said he'd made enquiries with Barclaycard beforehand and hadn't been told there would be a fee. He said this isn't in line with the Consumer Duty and raised a complaint.

Mr K subsequently found out that his credit score had dropped since buying the currency. He said this was because the purchase was treated as a cash transaction, which negatively affected his score. He said this had a huge impact on him and meant he had to put his personal financial plans on hold. He said there was no information about this in Barclaycard's terms and conditions and its staff hadn't mentioned it in his dealings with them. He added this issue to the complaint.

In response, Barclaycard said that Mr K's purchase of foreign currency was treated as a cash transaction in line with the terms and conditions of his account. It also said that there was information about this on its website. But it upheld the complaint in part because it agreed that its agent hadn't explained this to Mr K when he enquired about using his card. It refunded the fee as a gesture of goodwill. And it offered him £50 to recognise the inconvenience caused, which it later increased to £150 after further communication with Mr K. I understand this hasn't been paid to date as Mr K didn't accept the offer.

In relation to Mr K's credit score, Barclaycard accepted that neither its website nor its terms and conditions explain that cash transactions can impact a customer's credit file or credit score. It said it had passed this feedback to the appropriate team for review. But it said it couldn't amend Mr K's credit file. It said it reports all card usage to the credit reference agencies but has no control over how they view the information. It said that the information it had reported here was factually correct. So, it didn't think it needed to change it.

Mr K remained unhappy about the situation and brought the complaint to this service. He said that Barclaycard hadn't acted in line with the Consumer Duty. In particular, he said it hadn't given him information at the right time to enable him to make an informed decision.

Our Investigator didn't think Barclaycard had acted fairly in relation to Mr K's credit file. He recommended that it pay the compensation already offered and remove the cash transaction record from Mr K's credit file.

Mr K didn't think £150 was enough compensation. He said his credit score dropped because of the transaction and he had to defer planned purchases as a result. He said he also

suffered stress and inconvenience. He said this could all have been avoided if Barclaycard had given him comprehensive information at the outset.

Barclaycard said it remained willing to pay £150 to Mr K. But it didn't agree to amend its report to the credit reference agencies. It said it has no control over how credit reference agencies use the information it provides. And that any negative impact here wasn't caused by misleading information from Barclaycard. It also said that Mr K hadn't asked about credit score impact when he contacted Barclaycard before the transaction. It said that, if he'd asked, he would likely have been told of the possibility that the transaction would be shared with the credit reference agencies. But it said it couldn't have predicted that he was interested in this. Barclaycard also said that its Data Privacy Notice confirms it will share information with the credit reference agencies where there is a legal basis for doing so.

As the parties didn't accept our Investigator's view, the complaint has been passed to me to review.

### **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 terms and conditions of Mr K's account explain that buying currency is treated as a cash transaction. This information is also on Barclaycard's website. The terms and conditions say that Barclaycard charges a fee for cash transactions, and they set out what that fee is. But Barclaycard accepts that it didn't give Mr K full information about this when he contacted it through the chat service, and it has refunded the fee. I think that's fair. So, I'm going to focus here on the remaining points of disagreement between the parties. Those are the impact on Mr K's credit file and what Barclaycard needs to do to put things right here.

Mr K says his credit score dropped as a result of the cash transaction. I'm satisfied that his score did drop following the currency purchase. But there are many factors which can affect a person's credit score, causing it to increase or decrease. Here, Barclaycard hasn't disputed that Mr K's credit score was negatively impacted by the cash transaction. The point on which the parties disagree is whether Barclaycard should have told Mr K that his credit file could be affected in this way.

Barclaycard accepts that neither its terms and conditions nor its website state that cash transactions can impact a customer's credit file or credit score. It also accepts that its agent didn't advise Mr K of this in the chat, although it says that's because Mr K didn't ask.

The Consumer Duty requires businesses to put customers' interests at the heart of their activities, whether that's through the products and information they provide or the support they give customers. It has four outcomes, one of which is consumer understanding, which set out detailed expectations for a business' conduct. Customers still have responsibility for their actions. But they need to be enabled and supported by businesses to make informed decisions so that they can pursue their financial objectives and avoid foreseeable harm. Mr K says that Barclaycard failed to meet this standard.

Barclaycard accepts that details of what it reports to the credit reference agencies are not included in the documents which explain how foreign currency transactions and cash withdrawals will be treated. I don't think this supports the consumer understanding outcome.

It's fair to say that Barclaycard can't control how the credit reference agencies will view the information it reports. But, to support consumer understanding, I think Barclaycard ought to have set out in one place not only that purchasing foreign currency on a credit card would be

treated as a cash transaction, but also that this would be reported to the credit reference agencies and could show as a cash withdrawal which could have a negative credit file impact.

In addition, I think Barclaycard ought to have told Mr K of this potential consequence when he contacted it before the transaction. I don't think it's reasonable for Barclaycard to place the onus on Mr K to ask about this. He was clearly concerned about any negative impact from foreign transactions. I think Barclaycard ought to have given him the full information he needed to make an informed decision, which included the possibility of cash transactions having a negative impact on his credit file. I don't think Mr K would have bought the currency with his credit card if he'd known this.

Overall, I don't think Barclaycard supported Mr K's understanding here and therefore didn't reasonably support him in achieving his financial objectives. I haven't seen any evidence that Mr K suffered financial loss as a result. And the screenshot he provided from his credit score account suggests that the impact of the cash transaction would only last three months if it was repaid in full. So I don't think Mr K suffered significant detriment here. But he has suffered distress and inconvenience. I think the £150 which Barclaycard has offered as compensation for this fairly reflects what happened, so I'm going to direct it to pay that.

But I think Barclaycard also needs to amend the way it reported the currency purchase to the credit reference agencies, so that it isn't recorded as a cash transaction. That's because, if Barclaycard had given Mr K sufficient information to support his decision making, I'm satisfied he would have paid for the currency by other means which wouldn't have negatively impacted his credit file. So, the fair resolution here is for Barclaycard to report the transaction in a way which doesn't negatively impact his credit file.

### **My final decision**

For the reasons above, I uphold this complaint. My final decision is that Barclays Bank UK PLC trading as Barclaycard should:

- pay compensation of £150 to Mr K; and
- amend its reporting of the currency purchase so that it is not recorded as a cash transaction.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 7 February 2025.

Katy Kidd  
**Ombudsman**