

The complaint

Mr K complains that Lloyds Bank PLC charged him a cash advance fee when he used his credit card to pay a court fee.

What happened

Mr K used his Lloyds credit card to pay a court fee of £85.00. He later discovered that he'd been charged a cash advance fee of £4.25.

Mr K complained to Lloyds and asked for a refund of the fee and compensation. He said he'd made similar transactions before and hadn't been charged a fee.

Lloyds didn't uphold the complaint. In its final response dated 20 May 2024 it said it hadn't made an error because cash advance fees were charged for paying government or court fines, enforcement penalties, fees and costs. Lloyds said it had refunded the fee as a gesture of goodwill as it was the first time Mr K had seen the fee and was unaware of it.

Mr K remained unhappy and brought his complaint to this service.

Our investigator didn't uphold the complaint. He said the terms and conditions of the account stated that court fees attracted a cash advance fee, and that Lloyds hadn't done anything wrong by applying the fee.

Mr K didn't agree. He said he'd paid court fees before with his credit card and had never been charged a cash advance fee. Mr K provided a list of dates when he'd paid court fees before together with supporting statements. Mr K said he'd been misled into thinking that he could pay court fees using his credit card and not incur a cash advance fee. Mr K said he'd paid court fees since the date of the transaction he was complaining about and hadn't been charged a cash transaction fee. Mr K said he was unhappy that Lloyds had charged a cash transaction fee for some court fees but not for others, which he said caused confusion and wasn't fair. He said he wanted compensation for the inconvenience and frustration he'd been caused. Mr K said he was also unhappy about the customer service he'd received when he raised his complaint with the bank because they hadn't called him back as promised.

Because Mr K didn't agree I've been asked to review the complaint.

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.

I've reviewed the terms and conditions of the account. These state (under the heading Cash Equivalent) that "paying government or court fines, enforcement penalties, fees or costs" are treated as cash equivalent transactions which attract a cash transaction fee.

In this case, Mr K paid a county court trial fee of £85 using his credit card and was charged a cash transaction fee of £4.25 (or 5%).

The terms and conditions expressly define court fees as a cash equivalent, and I'm therefore satisfied that the cash transaction fee was charged correctly by Lloyds and in accordance with the terms and conditions.

Mr K has told this service that he's used his credit card to make payments to the court previously without being charged a cash transaction fee. I appreciate that previous transactions might not have attracted a cash transaction fee, but this doesn't mean that the bank has made an error with the transaction which is the subject of this complaint. As I've said above, I'm satisfied that the fee has been charged in line with the terms and conditions.

I appreciate that Mr K feels that he was led to believe that a fee wouldn't be payable because of his previous similar transactions. Whilst I understand Mr K's frustration, I don't agree that his expectation overrides the terms and conditions. And ultimately, Mr K has benefitted from the bank not charging him the cash transaction fee on these other occasions.

I've taken account of the point Mr K has made about customer service and not being called back by the bank. I appreciate that if Mr K had been called back, he would've made the point about the previous transactions where the cash transaction fee wasn't charged. On balance however, I don't think this would've made a difference to the overall outcome. The bank refunded the fee as a gesture of goodwill. Even if Mr K had had a discussion with the bank about the previous transactions, I'm not persuaded that the bank would have offered compensation in these circumstances as ultimately they hadn't made an error by charging the fee.

My final decision

My final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 3 February 2025.

Emma Davy
Ombudsman