

The complaint

Mr E complains that Bank of Scotland Plc trading as Halifax ('Halifax') charged him interest on his credit card account when he wasn't expecting it.

Mr E wants an independent review of Halifax's terms and conditions and a refund of the interest charged. He'd like Halifax to do more to bring specific terms and conditions to the attention of their customers.

What happened

Mr E opened a credit card account with Halifax on 27 July 2023 with 0% interest on balance transfers for 25 months, and 0% interest on retail purchases for six months. Mr E used his credit card for a balance transfer and for purchases.

Mr E noticed Halifax had charged him interest on his credit card account in May 2024 and June 2024. Mr E contacted Halifax about this via an online chat and was told he'd be charged interest on his retail purchases unless he paid the entire balance of his account each month (to include his balance transfer).

Mr E complained to Halifax that this deviated from what other lenders did, and he thought they should bring this to their customers' attention. Halifax didn't uphold Mr E's complaint and said they'd not made an error as interest had been legitimately charged in line with the terms and conditions of his account.

Mr E referred his complaint to the Financial Ombudsman Service ('our Service'), saying Halifax hadn't responded properly to his complaint, which was about fairness and being clear with their customers.

Our investigator didn't uphold Mr E's complaint because they thought Halifax had acted fairly, and in line with the terms and conditions of the account. Our investigator set out there are limits to what our Service can consider, so we couldn't conduct a review of Halifax's terms and conditions.

My provisional findings

I recently issued my provisional findings in relation to this case, as follows:

"I have looked at all the evidence and information made available to me to decide what is fair and reasonable in the circumstances of this complaint. I've taken into account any relevant law and regulations, the regulator's rules, guidance and standards, codes of practice and (where appropriate) what I consider to have been good industry practice at the relevant time.

Having done so, I don't intend to uphold this complaint although my reasoning differs slightly to our investigator's.

I think it would be helpful to set out that the role of our Service is to resolve individual complaints based on what is fair and reasonable in the circumstances of each case. We have no power to interfere with a firm's processes, systems or controls, nor to fine or punish

businesses, as that is for the Financial Conduct Authority ('FCA') to consider as the regulator.

This means I can't conduct an independent review of Halifax's terms and conditions or direct them to change them. Mr E is at liberty to report his concerns about Halifax's terms and conditions to the FCA as they will review, consider, and sometimes act on information they receive about firms they regulate – but Mr E should be mindful that they won't respond to him individually or disclose any action they take.

I can only uphold Mr E's complaint if I conclude Halifax have treated him unfairly when calculating his interest payments in accordance with the terms and conditions of his account.

The terms and conditions for Mr E's account state:

"A4. How interest is worked out

We calculate interest daily based on the total amount you owe. We add together all the daily interest amounts in each statement period and add the total to your balance on your statement date.

*...**Purchases:** We do not charge interest on purchases made during your latest statement period if you pay off your full balance (including any balance transfers and money transfers) by the payment due date and you also paid your previous month's balance in full by the due date."*

So once Mr E's 0% interest promotion on retail purchases ended, he was obliged to pay interest on his purchases if he didn't clear the entire balance on his account – to include the balance transfer amount. And the sooner he paid off his purchases, the less interest he'd be charged.

I can see from Mr E's statements that he was first charged interest on retail purchases in his February 2024 statement, which coincides with his 0% interest rate on purchases coming to an end.

Mr E's last purchase was in May 2024, which meant some interest was payable in June 2024. But from his July 2024 statement onwards Mr E wasn't being charged interest because his purchase balance was at zero, and Halifax were still applying a 0% interest rate in relation to his outstanding balance transfer.

On that basis I consider Halifax have fairly calculated Mr E's interest in line with the terms and conditions of his account and his agreed promotional interest rates.

I acknowledge Mr E's frustration that, unless he clears his balance transfer, he'll be charged interest on his purchases even if he pays them off within a month. I've reviewed the details he's given me to show Halifax's terms are different to what some other lenders offer, and I've considered his assertion that Halifax should've brought how they charge interest to his attention in more transparent and prominent way, as he feels this is unfairly buried in their terms and conditions.

Halifax have evidenced that they require customers applying for a credit card online to tick a box which confirms they've read and agreed to the Credit Card Agreement including Additional Important Terms, which is a document available to download before entering the agreement. I've reviewed this document which is split into two parts – a short Part A, containing key points, and a longer Part B, giving detailed information. Term A4, which I've set out above, is contained within the first half of Part A as one of those key points.

Having considered this, I'm not minded to agree that the relevant term regarding interest is buried away. I'm of the view that details of how interest would be charged were reasonably brought to Mr E's attention at the time he applied for his credit card and were clearly set out in the account's terms and conditions.

There's no evidence before me to suggest Mr E raised a concern or query with Halifax about how interest would be charged until after he saw interest accruing on his account. In those circumstances I don't think Halifax needed to do more than ensure Mr E had a chance to consider the terms and conditions before he entered into an agreement with them.

I understand this will be a disappointment to Mr E, but I don't consider Halifax have treated him unfairly or unreasonably in these circumstances and I don't intend to ask Halifax to take any action in relation to this complaint."

Responses to my provisional findings

I asked both parties to provide me with any further evidence or comments they'd like me to consider.

Halifax didn't respond.

Mr E said he disagreed with my findings and that I'd misunderstood. He said he'd been charged interest on not just his purchases but the whole balance of his card, to include interest on his balance transfer which should have been fixed at 0%.

Mr E maintained that Halifax's terms deviated from the market norm, and they weren't doing enough to bring this to their customers' attention in a clear and transparent way. He provided examples from other lenders "*where promotional balance transfer rates don't affect interest-free periods on purchases.*" Mr E also said he thought Halifax should design their products with the consumer's best interests in mind.

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.

In doing so I've decided not to uphold Mr E's complaint as I've not been persuaded to depart from my provisional findings. I'll explain why.

As part of my investigation I reviewed Mr E's credit card statements for the period January 2024 to August 2024. On page three of each statement there is a section detailing the interest charged on the different balances running on Mr E's account.

The statements show interest was charged on Mr E's retail purchase balance (but only once his 0% interest promotion had ended) in the months of February 2024 (£0.05), March 2024 (£0.11), April 2024 (£0.08), May 2024 (£4.11) and June 2024 (£15.86). From July 2024 onwards there was no retail purchase balance, so no interest was charged.

None of the statements I reviewed showed interest being charged on the balance transfer, which had an interest rate of 0%. So I don't agree that Mr E's been charged interest on both his retail purchases and his balance transfer, as that isn't supported by his statements of account.

The complaint Mr E raised with our Service was that his terms and conditions set out that he couldn't avoid interest on his purchases unless he paid off his purchase balance and his balance transfer - which he thinks is unfair. But I don't think it is unfair for Halifax to operate

under the terms and conditions they've formulated as a business, and which Mr E agreed to when he opened his account. And as I've explained, I think the terms and conditions clearly set out to Mr E how interest would be charged.

I acknowledge Mr E's strength of feeling that Halifax should have done more to highlight these to him given what he thinks is the industry norm and what he's shown other lenders can offer – but I don't agree there was any obligation on Halifax to do this in these circumstances.

I'm sorry to disappoint Mr E but for these reasons, and those set out in provisional decision, I've decided not to uphold his complaint.

My final decision

For the reasons I have outlined, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 19 February 2025.

Clare Burgess-Cade
Ombudsman