

The complaint

Mrs G complains that Lloyds Bank PLC (Lloyds) charged her a cash fee when she paid court fees using a credit card they supplied.

What happened

In December 2024 Mrs G paid court fees of £626 using her Lloyds credit card. She was surprised to find that the fee had attracted a cash fee of £31.30 and subsequent interest. She complained to Lloyds, but they didn't think they'd made an error.

Our investigator couldn't see that Lloyds had done anything wrong either. He explained that the terms and conditions of the account said court fees would be treated as cash transactions and, in those circumstances, they would attract a cash fee.

Mrs G disagreed. She thought the terms of the contract were unfair and she referred us to a decision by the Competition and Markets authority that dealt with unfair contractual terms in the property market. She said businesses had a responsibility to provide clear and fair contracts and that this wasn't one of them as it wasn't fair to treat court fees differently than other transactions.

The complaint has been referred to me, an ombudsman, to make a decision.

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 of Mrs G's credit card explained that:

“When you make a cash transaction (including [...] cash equivalent transactions).

- *we charge interest from the date of the transaction*
- *we charge a cash transaction fee“*

One type of cash equivalent transaction was defined in the terms as *“paying government or court fines, enforcement penalties, fees or costs.”*

I don't think Lloyds were, therefore, wrong to apply the terms that Mrs G had signed up for; charge a cash fee on the transaction and apply interest from the date of payment.

Mrs G says the terms of the contract were unfair. It's not for this service to decide if a term of a credit agreement is unfair, only a court can do that, but I'm required to take the law into account when deciding whether the lender was reasonable to reject Mrs G's claim. The Consumer Rights Act (2015), for instance, says terms must be plain, intelligible, and clear so that the consumer can understand them.

I do not consider it likely that a court would conclude the terms relating to the treatment of court fees was unfair. I think they're clearly set out and a cash equivalent fee is understandable. I say that because paying a court fee is a direct payment and unlike a typical retail purchase where goods have a resale value (and potential refund value) a court fee is a one-off payment with no such value. It's, therefore, higher risk and as a result I don't think Lloyds would be considered unreasonable or have been unreasonable to charge a cash fee and charge interest from the date of payment to allow for that risk.

And, even if I'm wrong about that, Lloyds have explained that in September 2024 they refunded a cash transaction fee that Mrs G had been charged for previous court costs. So, it seems Mrs G was aware of how subsequent payments to the court would be treated but that she still decided to make the payment using her card. In those circumstances, I don't think Lloyds have been unreasonable to apply the terms Mrs G was aware of.

Overall, I'm not persuaded that Lloyds have been unreasonable here and I'm not asking them to take any further action.

My final decision

For the reasons I've given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs G to accept or reject my decision before 1 May 2025.

Phillip McMahon
Ombudsman