

The complaint

Mr J complains that National Westminster Bank PLC charged him a cash transaction fee and interest charges.

What happened

Mr J opened a credit card account with NatWest on 7 October 2024. The card had an initial credit limit of £6,800 and came with a promotional rate of 0% interest on purchases for 19 months and 0% interest on balance transfers made in the first 3 months.

Within the first two months of getting the card Mr J made some purchases which were included in the 0% promotional offer.

On 11 December 2024 Mr J made a transaction for £4000 with IG.com. The transaction was processed as a cash-based transfer and incurred a cash fee of £120 and cash interest of £71.19. The monthly statement showed the £4000 and interest was treated as a cash advance and not a purchase. And that it would incur interest and not be included in the 0% interest on purchases promotion.

The following month a further £82.53 was charged in cash interest. Mr J raised a complaint with NatWest.

NatWest didn't uphold the complaint. It said it had followed the correct process for a cash advance and the cash fee and interest had been charged in line with the terms and conditions of the account. It said that as IG.com was a trading and investment company the transaction was deemed as a cash advance.

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

Our investigator didn't uphold the complaint. He said he was satisfied that the cash fee and charges had been correctly applied to the account.

Mr J didn't agree. He said he'd made the transaction in good faith under the assumption that it would be treated as a standard purchase. He said that at no point either prior to, during or immediately after the transaction did NatWest give him notice that the transaction would be treated as a cash advance. Mr J said that had he been notified that the transaction would be treated as a cash advance he wouldn't have proceeded with it. Mr J said he hadn't been notified that the transaction had incurred a cash fee and the first time he became aware of this was when he reviewed his monthly statement, by which time interest had already accrued.

Because Mr J 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 know it will disappoint Mr J, but I agree with the investigators opinion. I'll explain why.

I've reviewed the terms and conditions of the account. These state that cash advances will incur a fee of 3% of the amount of the advance. There is a minimum charge of £3.00.

The terms and conditions also state that cash advances will incur monthly interest charges of 2.005% charged from the date the transaction is charged to the account.

The transaction that Mr J made to IG.com was treated as a cash transaction. Mr J has said he thought it would be treated as a general purchase. However, the transaction was made to a trading and investment company which resulted in Mr J receiving cash or a cash equivalent so I think it's reasonable to expect that Mr J would have appreciated that this was not likely to be treated in the same way as a purchase of goods.

Based on the terms and conditions I'm satisfied that NatWest has applied the cash fee and the interest correctly.

Mr J has said he thinks that NatWest should've notified him of the potential charges before it processed the transaction. I don't agree. It isn't reasonable to expect a lender to provide notification of how each and every transaction will be treated before processing it. I think its sufficient for notifications of any interest, fees and charges to be communicated by way of a monthly statement, which is what has happened in Mr J's case. The only circumstances in which I think its reasonable to expect a lender to contact a customer about a transaction before processing it is where fraudulent activity is suspected, and the bank requires verification.

Taking all the available information into account, I'm satisfied that NatWest has applied the fees and charges correctly and in line with the terms and conditions of the account. I won't be asking NatWest to do anything further.

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 J to accept or reject my decision before 30 July 2025.

Emma Davy
Ombudsman