

The complaint

Mr D complains Bank of Scotland plc trading as Halifax ('Halifax') misclassified transactions on his credit card account which led to the wrong charges being applied.

Mr D wants his transactions reclassified and for an adjustment to be made to his account. He also wants Halifax to change their process so other customers aren't affected.

What happened

Mr D used a third party company ('X') to send money from his Halifax credit card to his bank account. He did this on two occasions and Halifax charged a 5% transaction fee and interest at 28.99% APR, on the basis that these were cash-like transactions.

Mr D complained that he'd done money transfers using a legitimate service and hadn't had a cash advance, so he'd been charged incorrectly. Halifax didn't agree, and Mr D complained to the Financial Ombudsman Service.

Our investigator concluded that X presented the transactions as 'cash-like' and Halifax had applied charges and interest in accordance with the terms and conditions of Mr D's account. He didn't think Halifax had acted unfairly, and didn't uphold Mr D's complaint.

Mr D strongly disagreed, citing regulatory obligations and legislation. Mr D thought there had been a critical misinterpretation of his terms and conditions and that X should not be responsible for classifying the transaction. Mr D said the fees applied to his transactions were disproportionate for transferring money between his own accounts and his terms and conditions were unfair.

The matter then came to me to decide.

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.

Mr D has cited consumer legislation and aspects of the Financial Conduct Authority's Handbook of rules and guidance to support his position that Halifax haven't treated him fairly.

I've taken this into account, as to assess fairness I consider any relevant law and regulations, the regulator's rules, guidance and standards, codes of practice and, where appropriate, what is considered to have been good industry practice at the relevant time.

I know this will be a disappointment to Mr D but I've decided not to uphold his complaint, as I think Halifax have treated him fairly. I'll explain why, though my reasoning mirrors that of our investigator.

I hope Mr D doesn't take it as a discourtesy that I've not been able to respond to all his points in depth, to include the amount of Halifax's fees, as I can only respond to the complaint that Halifax have had a chance to answer.

And some aspects of Mr D's complaint – such as how Halifax decide their procedures or set their terms – aren't something the Financial Ombudsman Service can consider. That's because the Financial Ombudsman Service doesn't have the power to make rules for financial businesses, in terms of directing that they should change their policies or procedures. That is the role of the regulator, the Financial Conduct Authority. So, it is not for me to determine or dictate how Halifax define transactions, rather it is for me to check that Halifax have fairly followed their process for doing so.

I've seen evidence that X provided Halifax with a merchant code to describe the nature of the transactions they were processing, and this defines the transactions as 'cash-like money transfer transactions.'

Mr D says he wasn't clearly told about this, and he's not sure X classified the transactions correctly. I can't investigate what X might have told Mr D about the type of transaction he was asking them to help him with, or whether they've presented the transaction correctly, as this isn't a complaint against X.

Mr D is right that Halifax are under an obligation to communicate with him in a way which is clear, fair and not misleading. I think it's important to note that Halifax weren't involved in arranging this transaction, they only processed it. However, I have considered Halifax's terms and conditions which define different transactions and how to make them at clause B2.2, which states:

“Card purchase: Paying for goods or services with your card.”

“Money transfers: using your available credit to pay money into your UK current account... How do you make it? By completing the money transfer request details when you apply for your credit card. You can also ask us to process it by phone or online after we open your account. If there is any other way to process it, we will let you know.”

“Cash equivalent: using your available credit limit to make cash-related or cash-substitute transactions including

- Sending money orders or wire transfers (other than balance transfers or money transfers).”*

I think these terms clearly communicate the difference between the transactions and, in a separate section, set out the applicable charges and interest rates for each type.

Mr D initially wanted Halifax to treat his transactions as standard purchases. I wouldn't expect Halifax to do this as Mr D hasn't bought a product or service, he's converted his available credit into cash or cash equivalent by transferring it to his account. I don't think Halifax acted unfairly by treating Mr D's transactions as being 'cash-like' in these circumstances.

Mr D more recently pointed out that his terms and conditions say that cash-like transactions exclude money transfers. But I don't think it's unfair that Mr D's transactions weren't treated as money transfers. I say that because Mr D didn't ask Halifax to transfer money for him in accordance with his terms, he used X to do it. X has therefore needed to request money from Halifax and has presented this as a cash-like transaction.

Mr D submitted this subtle distinction in his terms and conditions is unfair and he's been charged the wrong amount for transferring money between his accounts. Having looked at the fees and interest rates within Mr D's terms and conditions, I don't think that's the case. And I can't agree, given the rates states, that Mr D would have been better off even if Halifax had treated the transactions as money transfers.

In these circumstances I think Halifax have treated Mr D fairly. I know this will be disappointing to Mr D but that means I am not going to ask Halifax to take any action on this occasion.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 18 August 2025.

Clare Burgess-Cade
Ombudsman