

The complaint

Mr O complains that Bank of Scotland plc trading as Halifax charged him a cash equivalent transaction fee and gave him incorrect advice when he called. He wants a refund of the fee and the associated interest.

What happened

Mr O holds a credit card with Halifax.

On 21 March 2025 Mr O made a transaction to PayPal for £3300. The transaction was classified by Mastercard as a cash like transaction and a cash fee of £165 was charged to Mr O's account. Interest was charged to the account up until the balance was repaid in full.

Mr O complained to Halifax. He said he hadn't withdrawn cash but instead had sent money to his mother via PayPal which she had sent back to him so he could purchase a car. He thought it was unfair to classify the transaction as a cash transaction.

Halifax issued a final response on 14 August 2025. It said it hadn't made an error and that the cash equivalent transaction fee and associated interest had been applied correctly. As a gesture of goodwill Halifax refunded the interest charged to Mr O's account in August 2025 of £66.16. Halifax later refunded the interest charged to the account in September 2025 and the cash transaction fee charged in March totalling £175.12 as a gesture of goodwill.

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

Our investigator didn't uphold the complaint. He said he wasn't persuaded that Halifax had made an error in the application of fees and interest to the account, and even if Mr O had been given incorrect information when he called, the refunds made by Halifax were sufficient to make up for this.

Mr O didn't agree. He said the PayPal transfer wasn't a cash transaction, and he didn't think it was fair for Halifax to rely on Mastercard's classification. Mr O said that Halifax had provided incorrect information by phone because they advised him that he would only be charged a one-off cash transaction fee and no further interest if he paid the fee immediately. Mr O said that if Halifax hadn't made any errors, then there would be no basis for the refunds it had issued. Mr O said he wanted all interest from April – July refunded.

Because Mr O 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 O, but I agree with the investigator's opinion. I'll explain why.

Mr O disagrees that his PayPal transfer was a cash equivalent transaction. So, I've started this decision by looking at whether Halifax was correct to treat it as such,

Halifax has explained that classification of transactions is managed by Mastercard, which is the financial platform who authorises and settles payments. In Mr O's case, Mastercard has classified the transaction as a cash equivalent transaction. Halifax isn't able to look behind that classification.

In terms of the transaction itself, Mr O has explained that he transferred monies via PayPal from his credit card to his mother, who then sent the money back to his bank account so that he could purchase a car. Mr O has argued that he didn't withdraw any cash from his credit card. I appreciate why Mr O sees things this way. However, if Mr O had transferred money from his credit card to his bank account, the intention and the outcome would be to receive money into his account. It makes no difference that PayPal – and Mr O's mother – were intermediaries in the current scenario. I don't agree with Mr O that this wasn't a cash equivalent transaction.

I've reviewed the terms and conditions of Mr O's credit card account. These state that cash withdrawals and cash equivalent transactions will be treated in the same way. The terms and conditions state that a 5% fee will be charged for cash and cash equivalent transactions.

Based on what I've seen, I'm satisfied that the cash equivalent transaction fee was correctly charged. I haven't found any evidence to suggest that Halifax made an error.

Mr O has said that when he called Halifax to query the fee in March 2025, he was advised that he would only be charged a one-off fee and that if he paid it back immediately, he would not be charged interest.

This service has asked Halifax for a recording of the call, or the call notes, Halifax has said that it has no record of a call. Halifax has provided notes of all its communications with Mr O, and I can't see reference to the call there. Without any evidence of the call, I'm unable to make a finding that Halifax gave incorrect or misleading advice. So, I can't uphold this aspect of the complaint.

Taking everything into account, I'm not persuaded that Halifax has made an error here or treated Mr O unfairly. I'm satisfied that the cash equivalent fee and interest was correctly charged. Even if Mr O was given incorrect or misleading advice (which I haven't found), I think Halifax has resolved the complaint fairly by refunding the cash equivalent fee and interest for August and September 2025.

For the reasons I've explained above, I'm not upholding the complaint. I won't be asking Halifax 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 O to accept or reject my decision before 25 December 2025.

Emma Davy
Ombudsman