

## **The complaint**

Mr D complains PayPal UK Ltd trading as Xoom a PayPal Service (Xoom) processed a credit card payment as cash, meaning he was charged by his credit card.

## **What happened**

Mr D sent a payment using Xoom, and paid with his credit card. Mr D's credit card provider charged Mr D over £400 in cash advance fees and applied a higher rate of interest.

Mr D complained to Xoom, he wanted it to provide the merchant category codes (MCC) it had used to process the transactions. And Mr D wanted to know why these transactions were classed as cash, or cash equivalents.

Xoom responded to say it wanted to know if the charges Mr D incurred were from Xoom or the credit card. Xoom also explained there was information on its website about fees, and consumers should use electronic money, a checking or savings account.

Unhappy with this response Mr D brought his complaint to this service. An investigator looked into things, but didn't think Mr D's complaint should be upheld.

The investigator said they couldn't share the MCC as this was decided by the credit card provider, and it decided this was cash or a cash equivalent. The investigator also thought Xoom made it clear there might be charges for using a credit card.

And the investigator said the charges were from the credit card provider, not Xoom, so they wouldn't be asking Xoom to refund the charges.

Mr D disagreed and said the MCC point was factually incorrect, Xoom as the merchant knows what the MCC was. Mr D said Xoom's MCC classified the transactions as cash, so it's Xoom's error and it should refund Mr D's loss.

Mr D said a generic message of 'fees may apply' isn't enough to ensure he could make an informed decision about the payments he made. Mr D asked for an ombudsman to decide his 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.

Xoom is a money transfer company, and although there are a few ways of getting money to the recipient, generally overseas, I think it's a cash transfer.

Once the receiver has the money, they can collect it as cash or accept it into a bank account, to be used as they see fit.

Xoom's said its terms say this type of payment isn't for commercial purposes, and I agree its terms say this. I don't think Xoom should be used for a purchase, I think it's for personal cash transfers to friends or family.

So, I don't think it matters what the MCC is, or whether Xoom shares this with Mr D. I think the payments Mr D made should be treated as cash, or a cash equivalent. I don't think Xoom made an error around what it told Mr D's credit card provider.

And I think Xoom makes it clear using a credit card might incur charges in line with a cash advance. Xoom's payment screen, when deciding how to pay, says "your credit card company may charge a cash advance fee".

It seems when a payment method is selected there are a few options, but underneath the credit card option it says "your credit card company may charge additional fees".

The next screen, when adding the credit card details, says "your credit card company may charge a cash advance fee for money transfers".

I wouldn't expect Xoom to expand more here, it can't know for certain a charge would be applied, and it can't know how much, but I think this is fair warning. I think Mr D was told, three times, there might be additional charges for using his credit card.

I think Mr D could make an informed decision and I think Xoom was right to consider the transfer Mr D was making as a cash payment and told his credit card provider this.

I don't think Xoom made an error here, and because of this I don't think it's fair for Xoom to refund Mr D's credit card charges.

### **My final decision**

My final decision is 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 17 February 2026.

Chris Russ  
**Ombudsman**