

complaint

Mr S complains that Tesco Personal Finance PLC (trading as Tesco Bank) charged him a cash transaction fee (and interest) on a credit card purchase.

background

In January 2019 Mr S bought a product on credit. He paid a deposit of £129 with his Tesco credit card, and agreed to pay the balance in monthly payments. A few days later he noticed that Tesco had charged him a cash transaction fee of £5.15, and 41p in interest. He complained, but Tesco said the fee had been correctly charged. It told him it had sent him a notice of variation of the terms and conditions of his account in the previous April, which had said that the definition of cash transactions would include payments towards loans.

Mr S brought this complaint to our Service. He said that the retailer should have warned him on its website that his purchase would incur a credit card fee. But our adjudicator did not uphold his complaint. She said that the fee had been correctly charged, and that Tesco was not responsible for the information the retailer included on its website. She also said it was not our Service's role to tell businesses to change their practices, as that is a matter for the regulator. Mr S asked for an ombudsman's decision.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. I do not uphold it, for broadly the same reasons as our adjudicator.

It is not in dispute that Mr S received the notice of variation. I have read it. It says:

"Cash transactions are gambling transactions, wire or international money transfers, repaying borrowing (e.g. loans and mortgages)..."

That clause is conspicuous, because it appears directly above a red box containing the words "the types of transactions classified as cash are listed above."

It is not in dispute that Mr S was buying goods on credit. He has argued that the deposit should not count, because it is not a loan repayment but a payment up front. But a deposit is still part of the total amount payable under the loan agreement, so I think that Tesco was right to count it as a cash transaction, given the definition I have quoted above.

Tesco isn't responsible for what the retailer says on its website. Nor is it my role to tell all lenders that they must start telling their customers that their credit card provider may charge them a cash transaction fee if they pay their loan deposit with a credit card. That would be a matter for the Financial Conduct Authority.

my final decision

So for the above reasons, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 23 April 2020.

Richard Wood
ombudsman