

complaint

Mr R has complained about Tandem Bank Limited and the charges they've applied to his credit card account after processing gambling transactions as cash advances.

background

Mr R made three gambling transactions on his tandem credit card account worth £1,000 each. These transactions were processed as cash advances, so Mr R was charged cash advance fees and interest.

Mr R complained about these additional fees. He's referred to the terms of his credit agreement which state that cash advances, which include gambling transactions, were limited to 30% of the credit limit and no more than £500 a day. So, he didn't think Tandem should've authorised the transactions and for this reason the fees shouldn't be charged. Mr R's also complained about further interest that's been applied on the additional fees after he'd paid off the gambling transaction amounts.

Tandem didn't uphold the complaint. They explained the three transactions were presented by the merchant as purchases rather than cash advances. So they authorised them as such. They said it wasn't until the merchant collected the payment that they were made aware the transactions were cash advances. So, the transactions bypassed the cash advance limits.

But, they thought the terms were clear in explaining gambling transactions would be treated as cash advances. So, they thought they'd acted fairly by applying the subsequent fees and interest. Mr R was unhappy with this so he then referred his complaint to us.

An investigator looked into the complaint and didn't uphold it. She didn't think it would be fair to hold Tandem responsible for the merchant presenting the transactions in that way. She felt the terms were clear in explaining gambling transactions would be treated as cash advances and that fees would be charged for transactions like the three Mr R made. So, she didn't think Tandem had acted unreasonably by approving the transactions and for these reasons she thought the fees had been applied fairly.

Mr R didn't agree with this view. He remained unhappy with the interest charged on his account after he'd repaid the £3,000 and felt these charges resulted from Tandem's failures. As Mr R didn't agree, the complaint has been passed to me for a decision.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Having done so, I don't uphold the complaint for broadly the same reasons as the investigator.

I've seen the terms of Mr R's credit agreement which explain that gambling transactions would be processed as cash advances. I'm aware Mr R isn't disputing gambling transactions being treated as such but he's unhappy that he was able to make transactions worth £3,000 on the same day when the terms state "*You can withdraw up to 30% of your credit limit, and not more than £500 per day*". So, I've looked at whether I think it was reasonable of Tandem to do so.

Tandem have said they authorised the three transactions as they were presented by the merchant as purchases, which weren't subject to the same restrictions as cash advances. I've seen evidence that shows this. Although I appreciate Mr R feels Tandem should have processes in place to protect against this, I wouldn't expect Tandem's system to identify a cash advance if it's not presented as one by a third party. So, I think they've acted reasonably by authorising the transactions as they were presented.

I've seen Tandem weren't aware the transactions should be treated as cash advances until the merchant came to collect the amounts. By this point, Mr R already had access to the £3,000. Tandem couldn't have declined the transactions as the scheme rules it/they operates/operate under won't allow businesses to decline payments once they've been authorised. Had they done so, Mr R would've been left in a situation where he owed the merchant a significant amount of money. So, I think Tandem acted reasonably by completing the transactions. And, as they were gambling transactions and this isn't in dispute, I think it was reasonable for Tandem to apply the relevant charges associated with cash advances.

I'm aware Mr R is also unhappy about the additional interest that's been charged since, as he paid off the £3,000. Specifically, Mr R is unhappy Tandem used his payment to pay their cash advance fees, meaning he accrued more interest on the purchases he also made on his account. But, Mr R didn't pay off his balance in full so Tandem were entitled to charge interest on the amount outstanding.

Although I understand it was Mr R's intention not to pay the cash advance fees which were in dispute, Mr R isn't able to dictate how Tandem allocate the payments he made. As he didn't pay his amount in full, I think Tandem have acted reasonably by charging interest in line with the terms of the credit agreement. So, I don't think Tandem need to take any further action.

my final decision

For the reasons outlined above, I don't uphold Mr R's complaint about Tandem Bank Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 24 February 2020.

Josh Haskey
ombudsman