

complaint

Mr K complains that Nationwide Building Society ("Nationwide") didn't make clear the nature of the free foreign usage allowance on his credit card. And the society didn't tell him that the account must be in credit for the allowance amount, or more, to enable its use.

background

In March 2015 Mr K phoned Nationwide to ask about the term "*total free foreign usage earned*" he'd seen on his mobile banking app. Nationwide told him for every £5 spent on his existing card Mr K earned the right to spend £1 in a foreign currency commission free. And the society told him the amount of the reward earned to that date. Nationwide explained the spending must be on purchases – any cash withdrawals, purchases of currency or gambling would attract charges and interest. Mr K confirmed the dates he'd be overseas. Mr K reconfirmed the amount and then asked if it would be the same, or a bit more, at time he travelled. Nationwide said it might; if Mr K spent more on his card the reward would go up depending on how much Mr K spent. And the society suggested Mr K checked online or called again for confirmation at the time of travel.

Whilst away Mr K tried to pay for something using his credit card but it was declined. Mr K made payment on another card which charged a commission fee. On the same day Mr K called Nationwide to ask why the card wasn't working. Nationwide told him it was because the commission free allowance was subject to Mr K having enough available credit to make the payment he'd attempted. Mr K explained that in the call before his travel Nationwide advised him that he could use the allowance to pay for a hotel but didn't tell him it was subject to his credit limit which swayed him to think this allowance was free cash. He felt he'd been misled. Mr K spoke to Nationwide the following day. The society checked the call but felt Mr K hadn't been mis-advised and was never told this was free money. Mr K disagreed and complained. Nationwide investigated the complaint and felt they'd done nothing wrong. But they did think the call handler could've been more helpful in pointing out Mr K's available credit at the time. Nationwide offered £50 compensation as a goodwill gesture but Mr K disagreed and complained to us.

Our adjudicator found Nationwide hadn't mis-sold or mis-advised Mr K about the allowance but could see why Mr K had misunderstood the product. The adjudicator felt if further information about the credit limit had been given, Mr K would've taken action so he could use the card. And the adjudicator recommended the sum of £100 compensation. Mr K felt this was fair but Nationwide disagreed so the case has come 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. I agree with the adjudicator for the reasons I set out below.

It seems to me that there are two parts to the confusion which has arisen in this complaint. Firstly, Mr K thought the balance shown on his mobile app was a reward he'd earned of "free" money for him to spend in a foreign currency when this was not the case. Secondly, in order to use this reward Mr K needed the amount of the commission free allowance, or more, available within the credit limit on his card.

Dealing with the first part, Mr K sent us a screenshot from the app but this relates to the terms and conditions of the app alone. And Nationwide haven't been able to send a screenshot of what Mr K saw on the app. So, I can't be sure what he saw on the app which was the basis for him calling in March 2015. But Nationwide have sent us the wording they say Mr K would've seen. It says *"Earn commission-free spending with Rewards for abroad. As a Nationwide Credit Card holder you'll also be rewarded with a commission-free allowance for all purchases made in pounds Sterling. Purchases for example, if you spend £100 on your shopping in a month (UK, Sterling) you'll automatically be rewarded with £20 worth of commission-free allowances to use on purchases in a foreign currency. Any spend over your allowance will incur a 2% fee."*

I've also seen Mr K's monthly statements for the card in February March and April 2015 and these include a table headed *"Commission-free Overseas Use"* and summarise the benefits available and used or earned in the month concerned. And I've listened to the call between Mr K and the call handler. The handler says the benefit is for spending on purchases in foreign currency *"commission free"*. And they use the words *"commission free"* a few other times during the call. So, I don't think Nationwide mis-advised Mr K about the nature of the reward.

Mr K initially thought the *"total free foreign usage earned"* was an amount of money he'd earned through his credit card use, which he was free to spend. And if there'd been any doubt in Mr K's mind about this then I think it's likely he would've asked during the phone call. So, I think it's likely Mr K genuinely misunderstood the nature of the benefit he'd earned by spending on his credit card. That's not Nationwide's fault but I think the society might've drawn Mr K's attention to his misunderstanding during that call if they'd been clearer on the second element relating to the credit limit.

On the second part of the confusion, Mr K didn't ask if the free foreign usage allowance was linked to the credit limit available on his card. And I think it's likely he didn't because he misunderstood the nature of the benefit. I agree with the adjudicator that Mr K could (and probably should) have been told of the need for the same amount or more available on his credit limit to use the benefit. Particularly as at the end of the call there was a discussion about whether the amount would increase by the time of travel and how this might occur. I'm not sure this would've resulted in Mr K transferring the money as the adjudicator said, but, I think it's possible and quite likely would have made Mr K question his mistaken understanding of the benefit being *"free"* money.

Mr K thinks things could've been put right from the first phone call to the business. He told us he'd spent time and money in the phone calls to Nationwide. I can see from Nationwide's call records some of these calls were made within minutes of the declined transaction. So it's possible Mr K had foreign usage charges for these calls. Mr K's also incurred commission charges on another credit card for the amount spent. And I think it's likely that Mr K would've felt uncomfortable and embarrassed when his card was declined and had to pay with another card. So, I agree with our adjudicator that, looked at overall, the payment of £100 is a fair and reasonable response to this complaint.

my final decision

My final decision is that Nationwide Building Society should pay Mr K £100 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 30 November 2015.

Annabel O'Sullivan
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