

complaint

Mr S complains about the fees charged by NewDay Ltd when he bought bitcoin.

background

Mr S has had a credit card with NewDay since 2014. And he's unhappy NewDay charged cash advance fees when he used his card to buy bitcoin.

NewDay says the terms and conditions of Mr S' card explain cash advance fees are charged if a card is used to buy currency. And given that bitcoin is a form of currency, the charges applied to Mr S' account are fair. Mr S disagreed, so brought his complaint to our service.

Our investigator didn't uphold Mr S' complaint. He explained that NewDay follow rules set by mastercard. That's because mastercard is responsible for authorising and processing payments made with Mr S' card. He went to say NewDay told us mastercard treats the buying of cryptocurrency as cash advances. So, he couldn't say NewDay had done anything wrong when it added the fees to Mr S' account.

Mr S disagreed with our investigator, so his complaint was passed to our service.

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'm not upholding Mr S' complaint. I know this will come as a disappointment to him, but I'll explain my reasons below.

Mr S doesn't dispute the fact the terms and conditions of his credit card say NewDay can charge a fee for cash advances. But he disagrees that buying bitcoin amounts to a cash advance, and says the terms and conditions of his card doesn't say this either.

I've looked at the definition of cash advance in the terms and conditions for Mr S' card. And I agree buying cryptocurrency isn't mentioned. Rather it talks about buying things such as foreign currency and travellers cheques. So I understand why Mr S is unhappy about this.

During our investigations, NewDay told us mastercard treats the buying of cryptocurrency in the same way as it does travellers cheques and foreign currency. And that's why Mr S' transactions fell within the definition of a cash advance.

I've seen the relevant mastercard rules, and they support what NewDay told us. Mastercard is responsible for authorising and processing transactions made with Mr S' card. So, NewDay has to follow mastercard's rules. Given the definition of cash advance, I don't consider NewDay acted unfairly when it treated Mr S's bitcoin transactions as cash advances.

I appreciate it would have been helpful if the definition of cash advances mentioned cryptocurrency. However, this is a relatively new concept, so I don't think it's surprising it wasn't specified in the terms and conditions Mr S received when he took out his credit card.

my final decision

For the reasons set out above, I'm not upholding Mr S' complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 15 June 2018.

Sarrah Turay
ombudsman