

complaint

Mr C is unhappy that Tesco Personal Finance PLC has charged him fees and interest for payments he made to gambling companies using his credit card.

background

Early last year Tesco wrote to Mr C to advise him that, with effect from June, it would be changing some of its charges. It would, in future, charge a fee for all payments made to gambling companies. That type of payment was already treated as a cash advance and so interest was charged by Tesco from the date of the payment.

Mr C didn't receive the written notice Tesco sent detailing changes to its charges because he was living abroad at the time.

On two subsequent occasions Tesco contacted Mr C to undertake security checks on payments he was making to gambling companies. He argues that Tesco should have specifically alerted him to the new fees during these security calls. Tesco contend that these calls are purely to verify transactions as genuine and it's not reasonable to suggest that they should also include notification of charges.

Mr C also complains that he asked Tesco to reverse the transactions but that this was refused.

Our adjudicator didn't consider that Tesco had done anything wrong and had acted within its terms and conditions. Mr C doesn't agree and so 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. I know it'll be disappointing to Mr C but I share our adjudicator's view that Tesco hasn't done anything wrong. I'll explain why.

Tesco wrote to all its credit card customers in April 2016 to advise them of some changes to its charging terms, including those for payments to gambling companies. Mr C argues that he didn't receive this; he was living abroad at the time but had advised Tesco of this beforehand and had asked that all correspondence be sent to him by email. Tesco don't have any record of having been told by Mr C that he'd be abroad and they say that they haven't emailed any correspondence to him. I can see that Tesco's customer records support this.

The statements sent by Tesco to Mr C from June 2016 do show clearly that he is being charged both (1) gambling transaction fees, and (2) interest for cash advances. They also state that cash advances attract a handling fee, and expressly mention that there is no minimum fee charge for gambling transactions. I accept that the latter references are less prominently displayed within a table of terms and conditions and these might not reasonably be expected to be readily reviewed by a typical customer. But I do think that the fees and interest are sufficiently prominent on the statement that they should reasonably provoke some questioning upon a review of the transactions. If a cardholder isn't particularly familiar with the terminology it's quite easy to then check on the notes that accompany the statements.

Tesco's records confirm that security checks were carried out by them in relation to some of the gambling transactions – one by telephone and the others by text. They've acknowledged that they didn't seek to advise Mr C of the charges that'd apply to these transactions. But I don't feel that it's reasonable to expect Tesco to have a responsibility to notify its fees alongside such security checks, particularly where they've already sent a written notice.

Mr C asked Tesco to process reversals of the gambling payments but they refused. Tesco have clarified that they're able to dispute a transaction where some aspect of the agreement hasn't been delivered but that this isn't the case here. I agree and don't think that there are justifiable grounds for a payment reversal to be sought purely because Mr C isn't happy with the associated charges.

In all these circumstances I think it's reasonable to expect that Mr C should have been aware of the charges that'd apply to gambling payments. I do understand that he was abroad, but I don't think Tesco should have been expected to do anything more.

my final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 10 July 2017.

Richard France
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