

complaint

Ms B complains that Tesco Personal Finance Plc trading as Tesco Bank (Tesco) charged her a transaction fee and additional interest when she used her credit card for a purchase. She says the fee should only have applied to cash withdrawals and she hadn't been charged the fee for previous similar purchases. She wants the charges refunded.

background

In July 2018 Ms B used her credit card to book a holiday villa abroad using an international money transfer service. As a result Ms B incurred a transaction fee of £30.93 and interest of £13.40.

Ms B complained to Tesco. She said she didn't know why she'd incurred transaction fees and interest for booking the villa. She said she understood those type of 'handling' fees only usually applied to cash withdrawals using the card, and she'd paid for a villa twice before and wasn't charged the fees. She wanted the £43 in charges to be waived.

Tesco explained to Ms B that it had issued a notice of variation in April 2018 which explained that a cash handling fee would be applied to "*wire/international money transfers*". It said it gave 30 days' notice as requested and as the transaction occurred after this time it was right to apply both the handling fee and the interest charge.

One of our adjudicators investigated the complaint and said it shouldn't be upheld. He said that Tesco had issued a notice of variation to the card conditions in April 2018 which explained that an international money transfer would now attract a handling fee. Therefore he said Tesco hadn't acted incorrectly and he wouldn't ask it to refund the charges.

Ms B didn't agree as she wanted Tesco to waive the charges. So as no resolution could be found the case has been passed to me for a final 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.

Ms B wants Tesco to refund the fee it charged her when she booked a villa abroad using her credit card. And I have some sympathy for her position as she says she's made the same type of transaction twice before without charge. But I don't think Tesco has made any errors here – which I know will disappoint Ms B – so I'll explain why.

I've seen a copy of the general terms and conditions that applied to this credit card. These terms and conditions – which would have been made available at the time the card was taken out said:

Section 10.4 "*We will give you at least 30 days' advance notice of all changes under this condition; unless the change is to your advantage....we will tell you about changes in writing which we will send to you with your monthly statement, or separately by post. If you receive paperless statements we may do this by email. We will tell you when the changes will come into effect*". So Tesco was able – according to its terms and conditions – make changes to the card conditions with sufficient advance warning.

And I think it did that because I've also seen evidence to show that a notice of variation was enclosed with Ms B's credit card statement of 5 April 2018 which gave notice of the changes being made with effect from 31 May 2018. So I think Tesco did exactly what it said it would do according to the terms and conditions. It gave Ms B more than 30 days' notice and this information was enclosed with the monthly statement. So I don't think Tesco made a mistake here.

And Ms B hasn't suggested that she wasn't given the required notice – rather, she said she thought the charges only applied to cash withdrawals and she had always been aware of that. She said she didn't regard this transaction as a cash withdrawal. And Ms B is right about that being one of the transactions that incur the charge. But Tesco made a change to those terms and conditions to widen the scope of what kind of transactions would attract the handling fee.

Ms B's April statement says - on the front page, *"Notice of Variation.... Please read the enclosed leaflet which gives you notice of changes being made to your Terms and Conditions with effect from 31 May 2018"*. And the leaflet explained that Tesco was changing some of the types of transactions it classed as cash and was changing some its fees. It explained that the current 3% handling fee would be increasing to 3.99% and explained the changes to the classification of cash withdrawals and transactions with the following:

"We are changing the types of transactions that we classify as cash. We have updated your agreement to make the distinction between cash withdrawals and cash transactions clearer".

Under section 1.2 *"fees and charges"* a new bullet point had been added which said,

*"A handling fee of 3.99% (no minimum charge) of the amount for cash transactions. Cash transactions are gambling transactions, **wire or international money transfers**, repaying borrowing (e.g. loans and mortgages), purchasing non-sterling currency outside of Tesco, payments to prepaid or virtual cards, investments, share trading and spread betting"*

Ms B has explained that this change hadn't applied to the similar transactions she made twice previously, when she hadn't incurred any charges. But I think it's clear what changes Tesco were going to make and I'm satisfied that the company Ms B used to pay for the villa is a business which transfers money internationally, so I think the changes did apply to Ms B's transaction here.

In order to uphold Ms B's complaint I would need to be sure that Tesco had acted incorrectly or at least unfairly in what it did. But I think it conveyed some changes to its terms and conditions in the way that it said it would according to its general terms and conditions. My decision is that Tesco has acted appropriately and it clarified and explained the changes it intended to make, in a fair and reasonable way. So I'm not going to tell Tesco to take any further action in respect of this complaint.

my final decision

For the reasons I've given I don't uphold Ms B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms B to accept or reject my decision before 11 May 2019.

Keith Lawrence
ombudsman