

The complaint

Mr D complains that HSBC UK Bank Plc keeps charging him cash interest on his credit card account.

What happened

Mr D used his HSBC credit card, and a transaction was classed as a cash transaction. He says he realised over the next few months that HSBC kept charging him on a monthly basis a cash interest fee, so he spoke to branch staff who explained the interest was ongoing for the specific cash transaction. Mr D made a complaint to HSBC.

HSBC did not uphold Mr D's complaint. They said unlike purchases, there is no interest free period on cash advances. Therefore, when a cash advance or equivalent debits the account, interest will accrue on this amount daily until the amount is repaid. They said this means the following months statement will have an interest charge even if he paid the balance in full that month. Mr D brought his complaint to our service.

Our investigator did not uphold Mr D's complaint. He said both the terms and conditions and statements explain that interest is charged when the card is used for anything that isn't a purchase, such as a cash withdrawal in this case. Following a cash payment in January 2023, the bank charged interest in accordance with the cards operating terms. Mr D asked for an ombudsman to review his complaint. He forwarded to our service statements which showed non-sterling cash fees and non-sterling transaction fees.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I must explain to Mr D that I'm only able to investigate the original complaint he has brought to our service. This was a complaint about being charged cash interest on his credit card account. This is what HSBC addressed in their final response to Mr D's complaint. Mr D has sent us his statements where he has highlighted different non-sterling cash fees and non-sterling cash transaction fees over different months. But these relate to his current account as these are current account statements and not credit card statements he has sent us.

So if Mr D wishes to complain about these charges he will need to raise a separate complaint to HSBC about these charges as I do not have the power to investigate these as part of this complaint. If Mr D does make a complaint to HSBC about his current account and he is not happy with their final response, then he may be able to bring the current account charges complaint to our service.

I've looked at the information from HSBC regarding Mr D's credit card. I can see from the terms and conditions of the credit card and a summary box page of his credit card statement that HSBC have different categories of transactions. One of these categories are purchases, and one of these categories is cash transactions. These documents set out what types of transactions would be considered cash transactions.

The summary box page of Mr D's credit card statement also has a section titled "*On cash transactions*". Within this section, HSBC say "*Interest will be charged from the date of each cash transaction, even if you pay the balance in full each month, until the cash transaction (including interest) is paid in full*". So I'm satisfied that HSBC are clear that even if Mr D pays his credit card statement in full each month, then interest would be charged from the date of each cash transaction, until the transaction is paid in full.

From the information HSBC have provided our service, an example of this is on 23 January 2023 when a transaction Mr D made was categorised as a cash transaction. He was charged 8p cash interest as HSBC confirmed he made a payment on 3 February 2023, so this would be interest he was charged daily until he fully repaid the cash transaction. HSBC have provided their own system screenshot of his 10 March 2023 credit card statement, and this shows "*No interest charged on this statement*".

So I'm satisfied that HSBC have charged interest in line with the terms and conditions and the information provided in Mr D's credit card statements. So it follows I don't require HSBC to do anything further.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 27 October 2023.

Gregory Sloanes
Ombudsman