

The complaint

Mr W complains about balance transfers and interest rates on his credit card from Zopa Bank Limited (Zopa).

What happened

Mr W applied for a Zopa credit card in June 2022 and this was agreed with a credit limit of £500, with a balance transfer limit of £1,500. The balance transfer offer was 0% interest until 4 December 2022.

Mr W made two balance transfers totalling £1,329.26 on 8 June 2022. No interest was charged on the balance transfer sums until the statement dated 5 January 2023 – which showed balance transfer interest of £33.74 was debited to the account. Purchase interest was also debited - £10.08.

Mr W complained. He said he wasn't aware there would be two separate amounts of interest. And he said the method by which balance transfers were made was impossible to do – as most credit card companies wouldn't deal with Zopa.

Zopa said the interest rates were set out in the terms and conditions of the account. They said that the way in which balance transfers are completed are unique to Zopa – as it requires the other credit card providers to use the sort code and account number, found in the Zopa app, plus the customer reference. Zopa provided a link to the webpage guidance. They said some credit card providers weren't willing to use this method - and this was affecting some customers.

Mr W brought his complaint to us. Our investigator said Zopa's terms and conditions set out the interest rates – which Mr W agreed to in his application for the card. On how balance transfers are completed, our investigator said we don't have the power to tell Zopa how to operate their business, as we aren't their regulator.

Mr W asked that an ombudsman look at his complaint, and so it has come to me to make a final decision. **(continued)**

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've seen Mr W's comments to our investigator – so let me say at the outset that we are not a

consumer group (acting only for the consumer) – we don't take sides. We are independent and impartial and our role is to listen to both sides of a complaint, take evidence from both parties, and then decide on a fair and reasonable outcome.

Mr W has raised two points in his complaint:

- He said he is unable to complete a balance transfer because of the unique method used by Zopa, so that meant he was paying more interest with other credit card companies as a result.
- He said he wasn't aware Zopa would charge 'two separate interest rates' on the credit card.

In looking at Mr W's complaint again, I hope I'm able to provide some clarity on both aspects of his complaint.

Balance transfer: Zopa have said the way they complete these is 'unique' and that some credit card businesses won't do it in the way they've put in place. Mr W argues he has lost out as a result. I can see that Zopa asked him which companies these were, and how much he paid in interest – but he didn't give Zopa this information.

But equally, Zopa did provide Mr W with some guidance about balance transfers in their final response.

And most importantly, I've seen that Mr W did complete two balance transfers on 8 June 2022 for a total of £1,329.26 – even though he said the method wasn't helpful. And so he did benefit from the interest free period on that amount from then until December 2022.

Interest rates: As both Zopa and our investigator have said, these are set out in the terms and conditions for the card - which Mr W signed up to in his application.

But that's not the end of the story here. I believe Mr W is saying he didn't realise there were two interest rates on the card – one for purchases and one for balance transfers.

I looked at Mr W's statements, and that is the case. So, after the interest free period for balance transfers ran out in December 2022, two amounts of interest are shown on Mr W's statement – one for purchases and one for balance transfers. In January 2023, these were £10.08 and £33.74 respectively. On the statement dated 5 February 2023, purchase interest was £7.77 and balance transfer interest was £32.10. That is also set out in the terms and conditions, and it's normal practice for credit card companies to do it this way – and it is intended to be helpful to customers.

But: Mr W hasn't lost out as a result – as the rates of interest for both purchases and balance transfers were the same - 2.59% per month (35.90% annual compound rate). The interest rates are shown on his statements. And on the level of interest rates, our service doesn't have the power to ask firms to change them.

I hope that helps Mr W – but having looked at Mr W's complaint afresh, I am not upholding it.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 18 October 2023.

Martin Lord
Ombudsman