

The complaint

Mr S complains about a money transfer promotion on his Lloyds Bank PLC credit card.

What happened

Mr S has a credit card with Lloyds and has told that he used it for regular spending. Mr S has explained that in January 2023 he received an email from Lloyds that said he could take a money transfer at 0% interest for 15 months. Mr S went on to take a £7,500 money transfer from his credit card and Lloyds applied a 3.5% fee.

Mr S continued to use his credit card for regular spending. But Mr S made payments to cover the regular spending and clear it each month. Mr S noticed he had been charged interest in his March, April and May 2023 credit card statements and contacted Lloyds. Mr S went on to raise a complaint about the way interest is applied to the credit card.

Lloyds issued a final response on 23 May 2023 and explained that whilst funds taken as a money transfer were charged at 0%, when purchases are made interest would become due on the full outstanding balance if it wasn't cleared. Lloyds confirmed it had administered Mr S' credit card in line with the terms and conditions. Lloyds agreed to refund the interest Mr S had paid and moved around £2,000 of the purchase balance onto the 0% money transfer offer. Lloyds explained that if Mr S decided to make any further retail purchases the standard rate of interest would be applied and that the balance would have to be cleared in full to avoid paying it.

Mr S referred his complaint to this service and it was passed to an investigator. They thought Lloyds had dealt with Mr S' complaint fairly and didn't ask it to take any further action. Mr S asked to appeal and said his key concern remained that Lloyds was aware that he used his credit card for regular spending but had sent him a money transfer offer that wasn't suitable for his account use. As Mr S asked to appeal, his complaint has been passed to me to make a decision.

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'm aware I've summarised the events surrounding this complaint in less detail than the parties involved. No discourtesy is intended by my approach which reflects the informal nature of this service. I want to assure all parties I've read and considered everything on file. I'm satisfied I don't need to comment on every point raised to fairly reach my decision. And if I don't comment on something, it's not because I haven't considered it. It's because I've focused on what I think are the key issues. My approach is in line with the rules we operate under.

I can see the investigator set out the relevant sections of Lloyds' terms and conditions within their view of Mr S' complaint. The terms confirm that Lloyds calculates interest daily on the total amount owed and that no interest will be charged on purchases if the full balance

(including any balance transfers and money transfers) is repaid by the due date given in the previous statement. I've looked at Mr S' credit card statements and I'm satisfied the interest applied was in line with the terms.

In response to the investigator, Mr S explained that he had historically used his credit card for purchases and that by taking Lloyds up on its money transfer offer it meant he was no longer able to use his account in the same way. Mr S said Lloyds knew how he used his credit card but had still sent him an offer that wasn't suitable for him. I take Mr S' point but I think it was for Lloyds to send him the details of the offers it had available and for him to decide whether they were suitable for his circumstances.

I've looked at the information available that sets out how the money transfer offer worked and the way interest is applied to Mr S' credit card. I'm sorry to disappoint Mr S but I'm satisfied Lloyds has explained how the money transfer offer would work and how interest is applied. I haven't been persuaded Lloyds misled Mr S.

Lloyds accepted Mr S didn't fully understand the implications of proceeding with the money transfer offer and refunded the interest he incurred and moved £2,000 of the purchase balance to the money transfer promotion. That meant the interest Mr S had unexpectedly incurred was refunded. I'm satisfied that's a fair way to resolve Mr S' complaint.

I'm sorry to disappoint Mr S but as I haven't found that Lloyds made a mistake and I'm satisfied it agreed a fair settlement I'm not telling it to do anything else.

My final decision

My decision is that I don't uphold 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 21 December 2023.

Marco Manente
Ombudsman