

## **The complaint**

Mr S complains Madison CF UK Limited trading as 118 118 Money advertised the credit card he took out as no fees – but have now begun charging fees.

## **What happened**

I issued a provisional decision setting out what'd happened, and what I thought about that. I've copied the relevant elements of this below, and they form part of this final decision.

*In February 2020 Mr S took out a credit card with Madison. The credit card was advertised with a guarantee of no fees. On 28 February 2023 Madison changed the terms and conditions of the account, which allow them to charge fees in future.*

*Mr S complained to Madison and said while he understood they have a right with appropriate notice to change the individual terms and conditions on the account, by potentially charging fees this changes the nature of the credit card product itself. Mr S felt he wasn't being treated fairly. Mr S also asked how long the guarantee they'd given him when he opened the account lasted – and asked if this was six years as in common law.*

*Madison said they'd notified him of the change and told him he could opt out of the changes, though this would mean he could no longer use his card for transactions anymore. They added they can amend their terms and conditions and must notify him of the changes by issuing a Notice of Variation. They said they'd done this, and Condition 9.1 of his agreement allowed them to do this.*

*Mr S replied to Madison and said they hadn't addressed any of his concerns and had written to him anonymously. He asked for his points to be actually considered, but ultimately brought the complaint to our service.*

*One of our Investigators looked into things, but overall didn't uphold Mr S' complaint. Mr S didn't agree with this explaining he felt Madison saying no fees would be charged ever was misleading. He felt it might be ok to withdraw the product completely, or for new customers, but not where a guarantee has already been given. Mr S said in principle he accepts terms can be changed, but the principle of this product was so undermined by the change, in that you can't add fees to a no fee credit card. So, overall, he didn't think this was fair. In support of this, he provided information from Madison's website, and a previous decision we issued which Mr S said set a precedent for this kind of issue.*

*Because Mr S didn't agree, the complaint's been passed to me to decide.*

## **What I've provisionally 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 think it's important to explain I can't make a legal ruling as Mr S has at one point suggested he wanted from Madison. My role is to take into account the law and regulations, regulators*

*rules, guidance and standards, codes of practice, and what I consider to be good industry practice. But ultimately, I'm required to decide things on a fair and reasonable basis.*

*Madison wrote to Mr S and explained they were going to introduce late payment and cash advance fees. They said:*

*These fees are being introduced to encourage positive repayment behaviours, introduce fair pricing and try and reduce higher risk account activity (see Condition 8.1.(a) of your Agreement). We are also doing this to take account of the recent Government increases to the Bank of England base rate and the knock-on effect this has had on our costs of providing credit to all of our customers (see Conditions 8.1.(c) and 8.1(f) of your Agreement).*

*Madison went on to say:*

*As set out in Condition 9.1 of your Agreement, we are giving you 30 days' notice of these changes to your credit card account and Agreement. You do not need to do anything, but the new fees will start to be charged from 30/03/2023.*

*The explanation also said Mr S could opt out of these changes, and if so then his account would be closed.*

*The relevant terms Madison quoted say:*

## **8. Changes to this agreement**

8.1 We can make changes to the terms of this Agreement, including changes to the Minimum Payment or interest rates and changes to introduce new charges (and change those charges) for any of the following reasons:

(a) we reasonably believe it is in your best interests to do so, including to correct any mistakes in the way this Agreement is drafted or to change the drafting to make this Agreement fairer or clearer;

(c) to respond proportionately to actual or expected changes to our costs of providing the credit (including administrative costs, costs involved in providing services or facilities, or changes in the costs to us of borrowing funds);

(f) to reflect changes in general interest rates, including the interest rates or terms on which similar accounts are offered by other lenders

## **9. Giving you notice of changes**

9.1 Subject to Conditions 9.2, 9.3, 9.4, we will give you at least 30 days' notice of any change made under Condition 8.

*Given the above terms, I think I can only conclude Madison are able to vary the terms and conditions of the account, and introduce fees, as they have done. They have also given 30 days' notice as required in the terms. So, at face value, it seems Madison haven't acted unfairly in now changing the terms to apply fees in certain circumstances.*

*Mr S himself accepts Madison can alter the terms of the agreement. But his concerns are broader – in that Madison changing the terms to charge fees means the principle of the credit card itself has been undermined. He says the credit card was advised as a no fee credit card and all the marketing literature said this.*

*All of the marketing literature for the time Mr S took out his card do indeed say zero fees. So, I accept why Mr S may feel quite aggrieved at the introduction of fees.*

*Ultimately though, for me to find Madison have done something wrong, I'd have to say they're not allowed to apply fees to this credit card – but the agreement accepted by Mr S says Madison may apply fees in future. Although I do understand his argument the credit card itself is undermined because it was advertised as a 'no fee credit card', I don't think it's unfair or unreasonable for a credit card provider to be able to vary the terms of that credit card. The relevant terms are detailed in the agreement Mr S accepted, so, in the circumstances, I can't fairly say Madison are acting unfairly by applying them in Mr S' case.*

*I have seen Mr S provided a link to a media article about a decision our service made in 2012. I've read the article, but I've not been able to see the detail of the decision made. So, without that it's difficult for me to try and apply this in Mr S' case – and, in any event, all cases are decided on their own individual circumstances.*

### **My provisional decision**

Madison replied and said they had nothing further to add.

Mr S replied and said he didn't expect to win, but still thinks when a customer is misled, then the test should be would a reasonable person expect charges to apply when a guarantee was offered none would. Mr S talked about the other case, and said his is a strong parallel because telling people there are no fees and then adding them isn't compatible. Overall he felt this was misleading.

### **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 do understand Mr S' disappointment I've not upheld his complaint. I realise this may not reassure him, but he's mentioned about fees being applied when previously they'd said they wouldn't apply fees.

Had, hypothetically, Madison decided to start applying fees and not told their customers, then that very likely wouldn't be fair.

But, here, Madison told their customers about the changes – and the possibility of these changes were in the terms and conditions Mr S accepted. I take his point about being misled, and I can see why he'd feel like that.

As for the other case, although with Mr S' further explanation I can see some of the parallels, I'm still ultimately deciding his case based on the evidence available to me in his case.

### **My final decision**

For the reasons I've explained above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 31 January 2024.

Jon Pearce  
**Ombudsman**