

## **The complaint**

Mr B has complained about a fee and the associated interest Tesco Personal Finance PLC – trading as Tesco Bank – has charged him.

## **What happened**

In May 2023, Mr B used his Tesco Bank credit card account to pay off the balance (£5,447.56) of a credit card account he had with another lender.

Tesco Bank treated this as a ‘cash transaction’ and charged him a cash transaction fee of 3.99% and interest from the date of the transaction. Mr B says the fee was £217.37 and the associated interest was £46.41.

Mr B complained to Tesco Bank and asked it to refund both. When it refused, he referred his complaint to our service.

One of our investigators didn’t think Tesco Bank had done anything wrong.

Mr B disagrees and wants an ombudsman to make a final 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.

Mr B says he’s never used a credit card account to pay off another before and therefore didn’t know it would be treated as a ‘cash transaction’ or that he’d be charged a fee and interest as a result. He says Tesco Bank didn’t contact him by text, email or letter to tell him this would happen – and he says that if it had, he would have made alternative arrangements. Mr B says he’s been a loyal customer of Tesco Bank for almost 20 years and promptly repays his balance in full every month.

In its final response, Tesco Bank said it issued a notice of variation to its terms and conditions in April 2018 – which would have been included with Mr B’s paper statement or displayed online, depending on his communication preference – that explained what types of transactions would be treated as ‘cash transactions’.

Mr B says Tesco Bank hasn’t provided evidence to show it sent him the notice of variation and, in any event, it’s unreasonable to expect him to remember what it said when he’s never made this type of transaction before.

I don’t think Tesco Bank has treated Mr B unfairly.

Given the nature of a notice of variation, I’m satisfied, on balance, that Mr B would have received it in some form – and the terms and conditions make it clear that the type of transaction Mr B made would be treated as a ‘cash transaction’. While I accept that Mr B may not have known this at the time, Tesco Bank wasn’t required to warn him in some way

either before or shortly after he made the payment. And while a bank may choose to refund a fee and/or interest for a loyal customer as a gesture of goodwill, I don't think it would be fair to tell it to do this when I don't think it's done anything wrong.

### **My final decision**

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 15 January 2024.

Christopher Reeves  
**Ombudsman**