

## **The complaint**

Miss M complains that she's been unable to complete a balance transfer to repay her Zopa Bank Limited credit card.

## **What happened**

Miss M has a credit card with Zopa. In November 2022 Miss M opened a new credit card with a business I'll refer to as N with a 33 month 0% balance transfer promotion. Miss M has explained that when N attempted to complete the balance transfer from Zopa the transaction failed. Miss M contacted Zopa to enquire about the issue N was experiencing but didn't receive a response.

In January 2023 Miss M contacted Zopa again after N attempted another balance transfer that failed. Miss M raised a complaint and Zopa issued a final response. The final response incorrectly advised that the problems N was experiencing completing the balance transfer were being caused by the amount it was requesting. Zopa apologised for failing to contact Miss M after she raised questions about the balance transfer process. And Zopa advised that to complete the balance transfer process N would need to transfer funds using its sort code, bank account number and a payment reference, all of which were provided to Miss M. Zopa upheld Miss M's complaint and offered her £25 for the trouble and upset caused and refunded £122.52 of interest Miss M had paid since attempting the balance transfer.

Miss M referred her complaint to this service and it was passed to an investigator. In its file submission Zopa advised that it doesn't process balance transfers in line with other credit card providers and requires the process to use its business' sort code and account number. Zopa recognised there was a known issue for customers wishing to complete balance transfers to N. And Zopa offered to waive interest for a total of nine months from the date Miss M's balance transfer to N should've gone through in November 2022. Zopa advised that whilst it operates differently, that's a matter of commercial discretion. And Zopa said the way it processes balance transfers is an industry accepted way to transfer funds.

Our investigator ultimately upheld Miss M's complaint. The investigator made the point that the credit card providers Miss M had spoken with advised they would process a balance transfer, in line with Zopa's process, as a "money transfer" which incurs a 3% fee. The investigator said that if the balance transfer was processed as a money transfer Miss M wouldn't benefit from the interest free period. The investigator asked Zopa to settle by either matching N's balance transfer promotion of 33 months interest free or paying the 3% money transfer fee and refund the interest incurred since November 2022. The investigator also recommended £100 for the distress and inconvenience caused.

Zopa asked to appeal but didn't give any further arguments. Miss M confirmed she is willing to accept. As Zopa asked to appeal, Miss M's case 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.

In its submissions, Zopa has told us that the way it processes balance transfers is different to other credit card providers. Zopa says the process is an industry accepted way of transferring funds and that it's free to operate in line with its commercial discretion. Zopa is free to decide how it operates and what processes to follow. But where a consumer is unfairly impacted by a business' practices it may be appropriate to consider whether the process has been fairly applied in their case. I'd like to confirm that in this decision, I'm only looking at Miss M's credit card with Zopa and whether she has been unfairly impacted by its balance transfer process.

Zopa has explained that to process the balance transfer N (or any other new provider) will need to use a sort code, account number and payment reference when transferring the funds. But N has confirmed it can't process the balance transfer in that way and would consider it as a money transfer instead. The money transfer process is different to the balance transfer process for N, so if Miss M proceeds as instructed by Zopa she won't qualify for the balance transfer promotion she opened in November 2022. Miss M has confirmed that she approached another credit card provider and that it also confirmed it won't process a balance transfer in the way Zopa requires.

I also note that when Zopa responded to Miss M's complaint it gave the wrong information about why her balance transfer attempts to N had failed. Whilst the information Zopa wanted Miss M to give to N was provided, no guidance on the process or how it impacted her balance transfer attempts was included.

Zopa offered Miss M nine months 0% interest from the date she first attempted to complete a balance transfer to N in November 2022. But I'm not persuaded that's a fair way to resolve Miss M's complaint. Miss M has forwarded evidence that she was accepted for a balance transfer promotion of 0% for 33 months in November 2022. I'm satisfied that Miss M would've proceeded with the balance transfer if the issues raised hadn't come up. So I think the fairest approach is that Zopa matches that offer and provides a 33 month interest free period from November 2022. Alternatively, should Miss M wish to complete the balance transfer within four weeks of acceptance, Zopa should cover any money transfer fee Miss M incurs and refund the interest she has paid since the November 2022 balance transfer request to N failed.

In addition, I agree that Miss M was caused a reasonable level of distress and inconvenience by the way her enquires have been handled as well as the delays in being able to complete a balance transfer. I'm satisfied that an award of £100 fairly reflect the impact to Miss M so I'm going to proceed on that basis.

### **My final decision**

My decision is that I uphold Miss M's complaint and direct Zopa Bank Limited to settle as follows:

- Match N's promotional balance transfer rate of 0% for 33 months from November 2022
- Or – pay Miss M's money transfer fee and refund all interest applied to her credit card from November 2022 if she chooses to transfer funds away within four weeks of settlement
- Pay Miss M £100 for the distress and inconvenience caused

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 25 October 2023.

Marco Manente  
**Ombudsman**