

## The complaint

Mr A complains that NewDay Ltd (trading as Aqua card - 'Aqua') gave him the wrong information about his weekly credit card payments and reneged on a payment agreement.

## What happened

Mr A has a credit card account with Aqua. In July 2019, he had an outstanding account balance of over £750.

He asked Aqua to confirm how much he'd have to pay on a weekly basis, if he was to clear his balance over a period of around six to twelve months. Aqua set out various weekly payment options assuming Mr A's balance stayed the same and based on monthly interest of about £20.00 (which was roughly the amount of interest he was charged on his July 2019 statement). It told him the figures were subject to change if he continued to use his card and the interest would reduce as the balance did. Mr A indicated he'd probably pay about £25.00 a week and Aqua suggested that should be enough as he'd likely be paying '*over and above*' what was expected. Mr A started to make regular weekly payments of £30.00 from around October 2019.

Aqua contacted Mr A in December 2019 to tell him he'd have to make an extra payment to ensure he'd paid the minimum monthly payment. Mr A wasn't happy about that, as he'd already made two payments of £30.00 (the difference between what he'd paid, and his minimum monthly payment was £0.39) so he complained to Aqua.

It responded in early January 2020. It acknowledged it told Mr A his payments of £30.00 a week should be enough to cover his minimum monthly payments. And whilst Mr A had been making payments of between £120 and £150 a month, if they were paid before the statement issue date, they didn't count towards the minimum contractual payment. But they did help to reduce the overall balance. So, that was why Aqua asked Mr A to make an extra payment of £0.39 in December 2019. However, Aqua also noted Mr A's account balance had increased because he'd spent more on his account than he'd paid. It suggested Mr A should check his statements for the minimum payment and due dates. In recognition of the inconvenience caused by Mr A not being given all of the information that would have been helpful to him (amongst other things), Aqua made a £50 compensation payment.

Mr A spoke to Aqua at various points during February 2020. During one of the calls, he said he was thinking of transferring a balance of around £1,600 to another card/provider. Aqua told Mr A his balance was about £280 more than that. It said it was willing to refund interest added on his last two statements (over £100). During another call (by which point Mr A's balance was over £1,900) Aqua suggested if he made another four payments and stopped using his credit card from that day, once he'd made the £1,600 balance transfer he mentioned, it would be willing to remove the remaining balance as a gesture of goodwill. According to Aqua's notes, Mr A wanted time to think about that.

Towards the end of February 2020, Mr A told Aqua he could only transfer a balance of £1,520 and make three more payments – not four. So, he asked Aqua if it would accept a reduced amount to settle his account in full. Aqua wouldn't agree to do that. It said Mr A had

continued to use his card since they'd previously discussed his account (so his balance had increased). And the balance transfer he proposed was less than what was previously discussed. Aqua said it was willing to move a payment due date to avoid Mr A having to pay a late payment fee. Mr A complained to Aqua as he wasn't happy with its response.

Aqua responded in March 2020 and didn't uphold Mr A's complaint. It said it had offered a goodwill gesture by agreeing to refund interest payments and wasn't able to offer any further refunds on Mr A's account balance. It told Mr A that if he wasn't able to pay off his remaining account balance, he should contact its customer care team to discuss a payment plan.

Mr A complained to us. Amongst other things, he indicated Aqua had acted unfairly by not agreeing to settle his account, especially as he'd only had to use his card a '*few times*' after speaking to Aqua about a balance transfer. Our investigator looked into the complaint, but didn't uphold it. The investigator didn't think Aqua acted unfairly by not agreeing to accept a reduced payment to settle the outstanding balance and waive the rest. And whilst the investigator felt it could have saved time if Aqua had explained that only payments made between the statement issue date and payment due dates would count towards the minimum payment, he didn't think Aqua was obliged to do that. He also noted that Aqua had given Mr A over £100 (through interest refunds) as a gesture of goodwill. The investigator thought that was reasonable.

Mr A didn't agree with the investigator's assessment, so the matter's been passed to me to decide.

### **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 fully appreciate Mr A's strength of feeling about Aqua's handling of things. When he complained to us, Mr A said he wanted the '*whole organisation*' looked into. I should make it clear upfront that it's not my role to conduct a widespread review of all of Aqua's dealings with Mr A. It's to consider his specific complaints that Aqua gave him the wrong information about his weekly payments and that it reneged on a payment agreement with him. Having thought carefully about Mr A's complaint, I won't be asking Aqua to do anything more. I know that this will likely come as disappointing news for Mr A. I'll explain why I've reached that decision.

In July 2019, Mr A indicated to Aqua that he was thinking of paying off his account balance. And he asked Aqua for an idea of how much he'd have to pay and over how long. I can see that Aqua gave him a range of payment options - dependant on the period over which he paid back the balance. When giving Mr A indicative figures, I'm satisfied Aqua tried to manage his expectations by telling him (amongst other things) they were subject to change if he carried on using his card. And, as his minimum payments around that time were less than £35.00 a month, I don't think Aqua was wrong to say that £30.00 a week should be enough to cover his minimum monthly payments.

But, I don't think Aqua initially gave Mr A all of the information that would have been helpful to him. I think it should also have told him that as he was intending to make weekly payments, those payments wouldn't necessarily match his monthly statement period and payment due dates – although they would count towards reducing his account balance overall. And in the absence of that kind of explanation initially, I can appreciate why Mr A was annoyed when Aqua told him (having already made two payments of £30.00) he'd have to make up a shortfall of £0.39 to avoid having to pay a late payment fee. Particularly as I understand that involved Mr A having to make a trip to the bank.

However, I'm satisfied in its January 2020 complaint response, Aqua explained to Mr A how statement periods work and recognised it hadn't given Mr A all of the information that would have been helpful to him when he'd first discussed weekly payments. It also took account of this when making a £50 compensation payment. I'm satisfied that payment and Aqua's response is reasonable in these circumstances.

Turning now to Mr A's complaint that Aqua 'renege'd' on a payment agreement with him. Credit providers like Aqua aren't required to accept an amount less than what's owed on an account in full settlement of it. In fact, Mr A's account terms say '*if the agreement is ended, you must pay us everything you owe*'. So, I think it would be reasonable for Aqua to refuse to close Mr A's account unless he paid it the full balance owing. But it's apparent that Aqua was prepared to apply its discretion to accept a lesser amount in order to close the account. That's not something it had to do. And it's not for me to say how much Aqua should accept in settlement of an account balance either. That's entirely a matter of discretion for Aqua. But I can say whether it acted fairly and reasonably given any agreements made with Mr A.

When Mr A discussed a balance transfer with Aqua, he owed around £1,900. He said he was hoping to transfer about £1,600 (subject to his bank agreeing) even though his Aqua balance was about £300 more than that. According to Aqua's notes, it told Mr A that if he stopped using his card from that day; made another four payments and paid the £1,600 he'd previously mentioned, it would clear the remaining balance as a gesture of goodwill. Mr A indicated he'd think about that and would call again the following week to discuss the situation.

I'm satisfied from the evidence I've seen that Aqua thought about a way to help Mr A and told him the basis upon which it was willing to do that. But, when Mr A and Aqua spoke about settling his account a week or so later, Mr A said he could only do a balance transfer of £1,520 and make three more payments – not four, as Aqua asked him to. So, Mr A was offering to pay Aqua an amount that was short of what Aqua said it would accept to close his account. Aqua also noted that Mr A had continued to use his card in-between. And it then told Mr A it wasn't willing to accept the amount he'd offered in full settlement of his account.

Mr A thinks it was unfair for Aqua to renege on its agreement with him, particularly as he says the amount he offered was only a bit short of what he'd discussed with Aqua. And whilst he accepts he did use his card for essential purposes a '*few times*' after he'd spoken to Aqua, he thought it shouldn't have gone back on what it had previously agreed.

I don't agree with Mr A that this amounts to Aqua 'reneging' on a payment agreement with him. I think Aqua made it clear the terms upon which it was willing to close Mr A's account. And those terms included Aqua agreeing to do certain things if Mr A kept to his side of the agreement. So, when Mr A came back with an alternative offer - which involved him repaying a lower amount and after he'd continued to use his card – I don't think it was unreasonable for Aqua to say it wasn't willing to settle the account on the basis of those different terms. That's because it wasn't the agreement Aqua had offered, so I don't think it's fair to say that Aqua was reneging on something it hadn't agreed to. And Aqua was entitled to refuse to accept Mr A's alternative terms. Whilst Mr A might not agree, that doesn't in itself mean that Aqua's decision was unfair or unreasonable. And I've seen no evidence, beyond Mr A's comments, to suggest it was.

But I'm also satisfied that Aqua didn't just leave it there. Despite not reaching an agreement with Mr A about the settlement of his account, it still agreed to refund two months' worth of interest as previously discussed. And it said it was willing to amend a payment due date, to avoid Mr A having to pay a late payment fee. I think that was reasonable in the circumstances.

### **My final decision**

As I've said above, NewDay Ltd recognised it didn't always get things right. But as it's paid Mr A £50 compensation to address the impact of that, as well as giving him the relevant explanations about his statements, I won't be instructing it to do anything more.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision by 24 February 2021.

Amanda Scott  
**Ombudsman**