

## **The complaint**

Mr M complains that NewDay Ltd trading as Aqua (NewDay) acted irresponsibly when they increased the limit on his credit card on several occasions.

## **What happened**

Mr M held a credit card account with NewDay, and he says that in a period of less than 3 years his limit was increased several times despite it being clear to NewDay that he was in financial difficulties and had gambling issues. Mr M says that the conduct of his account and regular cash withdrawals should have flagged to NewDay that he was in financial difficulty and they shouldn't have increased his credit card limit to the extent they did. Mr M complained to NewDay and asked for all the interest charged to his credit card to be refunded along with a further 8%.

NewDay says that at no point did Mr M advise them of his gambling problems or any financial difficulties and the increased limits on his credit card met with their criteria and credit assessments.

Mr M wasn't happy with the response and referred the matter to this service.

Since their final response to Mr M, NewDay have since conceded that following additional information from credit reference agencies it should have been aware that Mr M had external debts meaning later increases in his credit card limit shouldn't have been sanctioned. As a result, they offered Mr M a payment of £307.64 to cover the extra interest incurred as a result of the credit card account limit being increased from that time.

The investigator looked at all the information available and partially upheld Mr M's complaint but felt the increased credit card limits were justified up until November 2016 when NewDay should have been aware of Mr M's other commitments indicating he was experiencing financial problems. The investigator felt that NewDay couldn't be held responsible for the fact Mr M used his account for gambling transactions as these were legitimate transactions. The investigator did agree that NewDay should refund the interest from the period they should have been aware of likely financial issues. The investigator asked NewDay to pay £307.64 in interest representing the extra interest charges, if the limit on his card hadn't been increased, plus a further £100 for the inconvenience caused.

Mr M wasn't happy with the investigators view and felt all interest should be refunded and asked for the matter to be referred to an ombudsman for 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.

Having done so, I have come to the same outcome as the investigator and I will explain the reason for my decision.

When considering this complaint, I have looked at whether NewDay acted irresponsibly when agreeing to a series of increases to Mr M's credit card account limit.

I can understand that it would be a worrying and stressful time for Mr M experiencing financial difficulties and gambling problems. My role here is to see if NewDay acted fairly and reasonably when they increased the limit on Mr M's credit card on the number of occasions they did. I have seen detailed information from both Mr M and NewDay which timetables the increases in Mr M's credit card since opening the credit card account in 2014.

This information was provided again by the investigator in his view to both parties, so I won't be detailing this again in this decision letter, merely commenting on it. What is important here is that Mr M believes that NewDay should have noticed he was in financial difficulty from his credit card account activity- namely cash withdrawals on a regular basis and payments to betting companies.

I can understand Mr M's point here, but cash withdrawals aren't on their own evidence that someone is necessarily having financial difficulties and gambling after all is a legitimate expense and it's not for NewDay to tell its customers how they should spend their money. It's also worth mentioning that at no time since the credit card was opened is there any evidence to show that Mr M contacted NewDay to tell them of any financial difficulties or he had gambling problems until May 2017, which was post the latest limit increase to his credit card.

When considering this complaint, I have looked at whether NewDay could have done more when increasing the limit on Mr M's credit card. What is important is that NewDay, like all banks, carry out reasonable and proportionate checks when increasing the limits, NewDay have provided this service with details of the credit card account operation and undertook internal assessments including information from credit reference agencies.

Looking at the credit card account operation up until NewDay received additional credit reference agency information, Mr M believes there was obvious signs of financial difficulty. I have considered this but like the investigator I am satisfied that credit card account didn't show any obvious signs of financial difficulty and the credit card account did show reasonable fluctuations so I don't think NewDay could be expected to have known or thought this was the case. Mr M also had the opportunity when the increases were offered to have opted out within 40 days, under the terms offered by NewDay, but he chose to take up the offers.

That said, when the additional information became available to NewDay from a different credit reference agency showing Mr M having pay day loans and other financial commitments, I wouldn't have expected NewDay to continue to increase Mr M's credit card limit to the levels they did. At this point NewDay should have undertaken a more forensic understanding of his financial situation.

I can see that NewDay have recognised this and have offered to pay for the difference in interest they actually charged to what they would have charged if the limit had remained the same from November 2016. I also understand that NewDay have since agreed to reduce Mr M's interest rate, froze his credit card charges and put in place a payment plan. On balance,

I am satisfied that NewDay have acted fairly here and it is what I would have expected to see. As a result , like the investigator I support the view to pay Mr M an additional £100 for the inconvenience caused.

While Mr M will be disappointed with my decision, I am satisfied the offer of compensation and interest refund for the period in question is fair and reasonable and I won't be asking anymore than this from NewDay.

### **Putting things right**

I instruct NewDay to pay Mr M £307.64 by way of interest adjustment and a further £100 for inconvenience and upset caused .

### **My final decision**

My final decision is that I uphold this complaint and instruct NewDay Ltd to pay Mr M £307.64 by way of interest adjustment and a further £100 for inconvenience and upset caused .

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 7 October 2020.

Barry White  
**Ombudsman**