

The complaint

Mr A complains that he was charged interest on his credit card account due to a missed monthly payment.

What happened

Mr A holds a credit card account with NewDay. It had a 0% promotional offer and Mr A transferred debt of £2,500 in December 2016. The 0% rate came to an end a year later and NewDay says Mr A was notified of this in his statement dated 4 December 2017.

Mr A made another balance transfer for £3,000 on 16 July 2018. He paid a balance transfer fee of £89.70. The statements for the account show the rate for balance transfers was 22.476%. He repaid the £3,000 plus interest over 13 months. The interest due was £467.59 according to his spreadsheet.

Mr A didn't pay the minimum payment due in October 2018 and he was charged a fee of £12. He called NewDay and was told that if he paid the additional sum due the fee would be waived. The call handler told Mr A that the interest charges were as a result of his failure to make the minimum payment. This was wrong. The fee was removed from the account and this was reflected in the following month's statement. He spoke to NewDay again in July 2019 and discovered he owed £647.29 including interest. He didn't believe this was correct.

Mr A complained to NewDay and it offered him for £10 compensation for the incorrect information provided by the call handler. He then brought his complaint to this service where it was considered by one of our investigators. Mr A asked that NewDay refund interest of £467.59. It offered to increase the compensation by £70 for the error made by the call handler. Our investigator thought that was fair, but Mr A did not agree.

He said that the balance transfer was at 0% and sent a screenshot to confirm this. The screenshot states that balance transfers are charged at 0% with 2.99% fee, but it goes on to say that this applies to transfers made within six weeks of the account opening. He also said that NewDay had doctored their statements to show an incorrect interest rate.

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 appreciate the strength of feeling shown by Mr A, but I do not consider I can uphold his complaint. I will explain why.

Mr A has presumed he would be charged a promotional rate of 0% on balance transfers but his statements show that was not the case. I have also looked at NewDay's internal notes and these record that the balance transfer made in July 2018 qualified for "-1% OM" plus a transfer fee of 2.99%. The statement for July makes it clear the interest rate for the balance transfer is 22.476%.

The screenshot sent by Mr A is undated and only applies to balance transfers made within

six weeks of the opening of the account. I do not consider this is clear evidence that he was offered 0% on the balance transfer.

I am satisfied that the business issued statements and it was open to Mr A check these and query the interest charged each month. It seems he only queried the late payment fee which was refunded. It is unfortunate that the call handler made an error, but Mr A could have seen that interest was being charged in the subsequent statements and raised the matter with NewDay. I suspect Mr A just presumed he wasn't due to pay interest even though the statements would have told him otherwise.

In the circumstances I consider the offer made by NewDay to be fair.

My final decision

NewDay Ltd has already made an offer to pay £80 to settle the complaint and I think this offer is fair in all the circumstances. So, my decision is that NewDay Ltd should pay £80 if it has not already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 20 April 2021.

Ivor Graham
Ombudsman