

## **The complaint**

Mr B complains about the interest rate applied to his credit card by NewDay Ltd (trading as “Marbles”).

## **What happened**

Mr B opened a credit card account with Marbles in May 2018. He says when he opened the account, he was given 5 months at 0% interest and the interest rate following that was advertised as being 24%.

In August 2019 Marbles wrote to Mr B to let him know they were increasing his interest rate and giving him the option to opt out of the change by closing his account. Mr B raised a complaint with Marbles as he didn't believe the reasons given for increasing the interest rate applied to him. He also complained that the interest rate on the account had been incorrect since it was opened.

Marbles contacted Mr B to let him know that the decision to increase his interest rate had been reversed and later let him know that the letter had been sent to him in error. As an apology, it applied a £25 payment to his credit card account. Marbles also explained that the 24% interest rate was a representative interest rate and that he had actually been given a rate of 34.9% APR. This is shown on Mr B's monthly statement as 30.35% simple interest.

In March 2020 Marbles wrote to Mr B again to say that it intended to increase his interest rate. Mr B raised a further complaint and Marbles reversed the decision to increase his interest rate again. Marbles acknowledged that the information they provided was confusing and paid Mr B a further £10 compensation, which was applied to his credit card account.

Marbles has now identified an issue with its system that meant both interest rate increases were accidentally cancelled when they should have been applied to his account – Marbles says it believes Mr B's account did meet the criteria for the interest rate to be increased. However due to the issue with its system, it has agreed that it won't apply these increases and Mr B's account won't be included in any interest rate increases while the complaint is with this service. It does however say that this wouldn't exclude Mr B's account from any future interest rate increases.

Our investigator didn't think the complaint should be upheld. In short, she said that Marbles had applied the correct interest rate to the account based on the paperwork she has and that it was entitled to increase the interest rate provided it gave notice, which she could see it had done. And she thought the £35 paid to Mr B by Marbles was fair and reasonable compensation for the confusion Marbles had caused him.

Mr B didn't agree so the complaint has 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.

Having done so, I've reached the same outcome as the investigator and for the same reasons.

#### *the interest rate*

Mr B says he's been charged the wrong interest rate since the account was opened. But I've seen the credit agreement Mr B was given when the account was opened, and it states that the "APR for the Agreement is 34.9% APR (variable)" and that it can change this by giving notice. It goes on to say that standard rate (variable) per annum for purchases is 30.350% annual simple rate.

Mr B says he thinks this should have been 24% but it seems that was a representative rate that Marbles advertised. There are rules about what rates Marbles can advertise but these are just representative rates – they aren't the rate that will definitely be given to each customer as that was based on the assessment they carried out when Mr B applied for the card.

In this case, the credit agreement is clear about the interest rate and I haven't seen any evidence that Mr B was given an interest rate of 24% when he applied for the card. So based on that, I haven't seen any evidence that Marbles has applied too much interest to Mr B's account.

#### *changing Mr B's interest rate*

Having considered the credit agreement, I can see Marbles are able to amend the interest rate in certain circumstances provided they gave Mr B notice. Marbles has given Mr B the benefit of not increasing his interest rate to date so there isn't anything for me to comment on in respect of this as Mr B's interest rate is the same as it has been throughout the credit agreement. However this wouldn't prevent Marbles increasing Mr B's interest rate in the future, as long as this was done in line with the terms of the agreement.

There is no doubt that Marbles has caused Mr B some confusion in sending him contradictory letters, which it has already acknowledged. However it has explained that Mr B should have had his interest rate increased in line with the letters sent to him, but that hasn't happened due to a problem with its system. Because of that, Mr B has had the benefit of not having his interest rate increased and has also been paid £35 compensation in recognition of the distress and inconvenience caused to him. Taking everything into account, I think that's a fair resolution to this complaint, so I won't be asking Marbles to do anything further.

#### **My final decision**

My final decision is that I don't 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 8 January 2021.

Sara Falzon  
**Ombudsman**