

The complaint

Mr M has made a complaint against NewDay Ltd trading as Aqua for how they have administered his account.

What happened

In September 2018 Aqua wrote to Mr M as they were concerned he may be in persistent debt. The letter detailed actions he could take such as making boosted payments but also detailed actions which they could take if this wasn't brought under control such as collecting a recommended extra payment. The letter also informed him that they would monitor the account and if he was still in persistent debt in a further 18 months that they were required by the Financial Conduct Authority (FCA) to take further action.

Aqua requested recommended extra payments which increased Mr M's monthly repayment. In January and February 2020 they wrote to him and informed him that if his account was still in persistent debt by March 2020 they would move him to a four-year paydown plan which aimed to pay off the debt far quicker than if he just made his contractual minimum payment each month.

In March 2020, Aqua moved Mr M to the paydown plan and reduced his credit limit to ensure payments remained affordable.

Mr M complained to Aqua as he felt it was unfair for them to reduce his credit limit, putting him on a payment plan and poor customer service. He also added that due to personal circumstances he sometimes needs to put certain expenditure on his card and wanted his credit limit to go back to the limit previously. Aqua apologised for perceived staffing issues and confirmed they had responded to earlier queries by email.

They credited his account with £30 as they said they had no reason to doubt what he was saying about the service provided but explained that they were following guidelines from the FCA to help customers get out of persistent debt and did not increase his credit limit.

Mr M did not agree with the outcome and brought the complaint to our service where our investigator did not uphold his complaint. She said that Aqua were required by the FCA to help customers out of persistent debt and they followed the correct guidelines. She also said Aqua can, based on the terms and conditions, alter the credit limit without giving notice.

Mr M asked for his complaint to go to an Ombudsman as he did not feel our investigator had reviewed all of the points he raised. He also raised further issues such as an incorrect phone number being held by Aqua and recent payment/cheque issues.

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'll start by saying that Mr M has raised a number of points during us looking into this complaint that weren't a part of the original complaint he brought to us around Aqua's handling of his credit card and its actions relating to persistent debt. Aqua has responded to those issues separately as new complaints and so our investigator has explained that Mr M will need to raise those issues separately. I'll just be focusing on the original complaint he referred to us here.

A business like Aqua has to follow rules set out by the FCA to try and help customers get out of persistent debt. I can see from the letter they sent in September 2018 that they have outlined how they would do so. I have also looked at further correspondence such as in June 2019 where Aqua say that they could request extra repayments and the reasons why.

I think Aqua were right to do this, as this follows how the FCA want companies to treat customers who pay more in fees, interest and charges than capital repayment over a set period of time. As Mr M's position did not improve significantly, even though on occasion he made higher than the contractual minimum monthly payment to March 2020, I think they were clear in further letters in January and February 2020 that a paydown plan would start in March 2020 and this is what happened here.

While I know Mr M has personal circumstances which mean he uses his Aqua card to purchase items, ultimately Aqua are able to amend the credit limit on his card as confirmed in their terms and conditions. And here, they did so as a step to help Mr M get out of persistent debt, which I think is fair.

I can understand Mr M's frustration regarding time spent communicating with Aqua and delays on receiving correspondence but I think they have been fair in crediting his account with £30 to compensate him for these issues. While I know Mr M thinks this wasn't enough I think this was a fair and reasonable payment.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 22 March 2021.

Gregory Sloanes
Ombudsman