

The complaint

Mr A complains that NewDay Ltd trading as Marbles is holding him responsible for a credit card balance.

What happened

Mr A has a credit card account with NewDay. He explains that in December 2018 he went to prison. And that he had contacted NewDay to tell it this. He was unhappy at the balance on the account when he was released in May 2020. And he says that this included payments that he couldn't have made between April and July 2019.

NewDay said that Mr A had spoken to its fraud department after it had issued a response to his complaint. And that it had agreed to refund the payments on the account that had then been disputed. It said that Mr A hadn't told it he had been in prison until May 2020 and that he had been given a payment holiday at that time.

Our investigator didn't recommend that it do anything further. She said that NewDay had shown that it had refunded the disputed payments with interest and any related fees. The remaining balance was unrelated to this.

Mr A didn't agree. He said that he didn't think we'd looked at the complaint properly. He wanted the charges and interest on the account investigated since it was opened. He didn't know why repayments had continued while he was in prison, his letter to NewDay hadn't been acted on and his credit limit had been reduced.

my provisional decision

I issued a provisional decision on 16 April 2021. I said that I understood that Mr A wanted me to look more widely than the fraudulent payments and taking into account the other points about interest and charges that NewDay dealt with in its initial response to his complaint. This didn't change the outcome, but I wanted to explain my reasoning for this, and I set this out below.

He's provided a copy of a letter he says was sent to NewDay dated 19 June 2019 – a time which coincides with when he says the account was being used fraudulently. The letter was on headed paper from the external Probation service who it seems must have helped him with it.

NewDay says it didn't receive the letter. And as Mr A had asked in it that correspondence be sent to him in prison and took no other action I thought he was reasonably aware of this. NewDay says that calls from someone who said it was Mr A in December 2019 and February 2020 couldn't be taken forward as that person couldn't pass security. And so, it says it didn't know about Mr A's time in custody until his contact in May 2020.

I'd noted from his credit card statements that payments by direct debit were being made to the account until January 2020 when this was cancelled. Interest was being applied in line with the terms of the agreement. Late payment fees and an unpaid direct debit fee were

applied after the January 2020 payment was missed. And a default notice was issued in February 2020. The account was brought up to date with a payment of £323.92 in March 2020. When Mr A did contact NewDay in May 2020 the account was again overdue, and a payment holiday of three months was agreed and the earlier late payment fees and unpaid direct debit fee (total £48) were refunded. NewDay decided in January 2020 and May 2020 to reduce the limit on the account due to the arrears.

As NewDay has now accepted that there was unauthorised activity on the account between April and July 2019 it has refunded those payments of £490.59 plus accrued interest. So, I didn't need to make any finding about these.

my assessment

I didn't know what arrangements Mr A had made for his finances while in custody. But clearly he was able to arrange for a payment in March 2020 – the specific amount he'd been asked to on his February 2020 statement. As I've said he reasonably knew that NewDay hadn't acted on his earlier letter. And however difficult given his position he hadn't discussed the situation with it.

So, I didn't think NewDay has made any mistake in continuing to apply interest to the account in line with the agreement during a period when generally repayments were being received. Having understood the background to the arrears it refunded fees and arranged a payment holiday. And it has refunded the disputed transactions and related interest. It was a matter for it to decide what a responsible limit on the account was given the arrears. I knew I was going to disappoint Mr A when having considered everything he'd said I didn't think NewDay has acted unfairly and I didn't have a reasonable basis to require it to do anything more.

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.

NewDay said it agreed with my findings and Mr A didn't make any further comments. That being the case I see no reason to depart from my provisional decision.

My final decision

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 15 July 2021.

Michael Crewe
Ombudsman