

## **The complaint**

Miss B complains that the interest being added to her account with NewDay Ltd trading as Aqua is incorrect.

## **What happened**

Miss B says that she makes a payment towards her account which is over the minimum amount required each month but each month her interest payment is increasing. She contacted NewDay and says she received an email with different rates to those on her statements. She then received a letter saying her account would be credited that day with £35 but says this didn't happen. Miss B wants the correct calculation to take place and to be refunded any amounts she has been overcharged.

NewDay says that the interest on Miss B's account has been charged correctly. It explained that it calculates interest from the date a transaction is added to an account to the date the transaction is paid in full. If a customer pays the full balance every month, they will not incur any interest. However, if the full balance is not cleared, then the transactions incur interest from the date they are applied to the account up to the date the account is paid in full.

NewDay apologised that Miss B hadn't received the service she should have done but said the £85 compensation offered was reasonable.

Miss B referred her complaint to this service.

Our investigator didn't think there was evidence to say that Miss B was being incorrectly charged the interest on her account. She noted that Miss B hadn't received the £35 that was said to have been credited to her account in the 7 May 2021 letter and said this should be paid. She noted that NewDay had written to Miss B saying that her interest rates would be changed and then again explained that this wouldn't happen. She said NewDay had acknowledged Miss B's experience could have been better and apologised and credited Miss B's account with £50 which she thought reasonable.

Our investigator thought the £85 compensation was fair and reasonable based on the issues Miss B had experienced.

NewDay accepted our investigator's view and confirmed that the payment of the outstanding £35 had been made.

Miss B didn't agree with our investigator's outcome. She reiterated that she wasn't being charged correctly on her account.

## **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.

Miss B's main complaint is about the interest NewDay is charging on her account. She thinks this is incorrect and wants it to be recalculated.

I have looked at Miss B's credit agreement dated November 2018, and this sets out the interest rates charged for the purchases, transfers and cash. These are linked to the Bank of England base rate. I have looked at the statements Miss B has provided (all post March 2020) and these show the rates being 0.65% lower than set out in the credit agreement. As the base rate was reduced by 0.65% in March 2020 this shows the rates set out in the initial credit agreement are in line with those shown on Miss B's statements.

Miss B has said that the interest isn't being calculated correctly and noted that she is paying more than the minimum amount but her interest is increasing. I have looked at a sample of statements and these show her outstanding balance and the interest charged. While Miss B has paid over the minimum payment she still has an outstanding balance and so interest is being charged. My role isn't to audit the accounts but having looked at the information I do not find I can say there has been a mistake in how the interest has been calculated.

Miss B raised her concerns about the interest rates with NewDay and received an email dated 25 February 2021 setting out her interest rates. These were recorded as:

- 1) Standard Purchase Rate (retail) is 28.93% Yearly
- 2) Standard Balance Transfer Rate is 28.93% Yearly
- 3) Standard Cash Rate (cash) is 38.87% Yearly

I can understand why this caused confusion as these rates are different to those quoted on her monthly statements. NewDay has explained that the interest rates included in the email were the compound APR compared to the interest rates that are shown on the statements which are the simple interest rates. This explains the difference in the information provided.

Miss B had also raised other service issues. I agree that she hasn't been provided with the service she should have. NewDay's final response letter dated 7 May 2021 said that Miss B had been credited with £35 due to the issues regarding the reporting of the payment holiday on her credit file, but this payment hadn't been made. This letter also didn't address Miss B's concerns about her interest rate. NewDay then sent her correspondence saying the interest rates would be increased and then later withdrew this. Because of the issues, NewDay credited Miss B with £50 – and then later paid the initial £35 noted in the 7 May letter. In this case, I think a total of £85 compensation is fair and reasonable for the service issues that Miss B has raised.

### **My final decision**

My final decision is that NewDay Ltd trading as Aqua has done enough by paying a total of £85 compensation for the issues Miss B has experienced.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 29 November 2021.

Jane Archer  
**Ombudsman**