

The complaint

Mrs A complains that NewDay Cards Ltd (“NewDay”) increased the APR on her card without giving her notice. She says she’s in financial difficulties but that NewDay won’t discuss it with her and that she’s received poor customer service.

What happened

Mrs A opened a credit card account with NewDay in January 2018. She says she noticed the interest rate had increased when she received her November 2020 statement and the minimum payment was higher than she’d expected. She told NewDay she was experiencing financial difficulties and couldn’t afford the payments. And she felt that, during the Covid pandemic and when the Bank of England interest rate was so low, that her interest rate should have reduced. She says she was told not to make the payment due in November 2020, but she was then charged a late payment fee.

NewDay said it had acted in line with its terms and conditions in raising the interest rate. It said it had written to Mrs A in August 2020 to give her notice of the change and to give her the option of closing the account for future use and repaying the remaining balance at the existing interest rate. It referred her to its customer care team if she was experiencing financial difficulties.

Mrs A phoned NewDay to tell it a bit more about her financial difficulties. She was told not to make the November payment if she couldn’t afford it and was asked to provide details of her income and expenditure. She didn’t make the payment and she didn’t provide the requested details. Her account went into arrears and she was also charged a late payment fee.

Towards the end of December, NewDay agreed Mrs A did not need to make any payments for six months. But Mrs A decided she didn’t want her credit file impacted, so she continued to make the required payments.

She complained about the late payment fee charged in November – when she’d been told not to make the payment. NewDay didn’t find it had made a mistake, but it refunded the fee as a gesture of goodwill.

Our investigator didn’t recommend that the complaint should be upheld. He concluded that NewDay had raised the interest rate in line with the agreed terms and conditions and that it had sent Mrs A notice of the change. He thought clearer information should have been provided to Mrs A about the consequences of not making a payment. But that NewDay had compensated her by refunding all the late payment fees from October 2020 and that no adverse information had been recorded on her credit file.

Mrs A didn’t agree. She said NewDay had recently admitted it was at fault and had compensated her.

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 find I have come to the same conclusion as our investigator for the following reasons:

NewDay acted in line with its terms and conditions when it made the decision to increase the APR on Mrs A's credit card account.

NewDay provided Mrs A with the required notice of the interest rate change. It wrote to her in August 2020, and it provided information on her September and October statements.

NewDay gave Mrs A the option to close her account if she wasn't happy with the new interest rate. She would then have been able to repay the existing balance at the existing interest rate.

I'm satisfied that the letter and statements were correctly addressed. This means I can't hold NewDay responsible if Mrs A didn't receive them, or if she over-looked them.

I can see that when Mrs A phoned NewDay she was told not to make the November 2020 payment if this would worsen her financial difficulties. But NewDay also told Mrs A about the consequences of not paying, including the impact on her credit file.

In February 2021, NewDay told us that all charges had been refunded, no information had been recorded on Mrs A's credit file and that the account was fully up to date. So I can't conclude it's treated Mrs A unreasonably or unfairly.

I can see that, since referring this complaint to us, Mrs A has raised a separate complaint with NewDay which it upheld. The complaint is about what happened in July 2021 which does not form part of the complaint that has been referred to us and so I can't comment on it.

I am not unsympathetic to the position in which Mrs A found herself in 2020 and the financial difficulties she's experienced. But, for the reasons I've explained, I don't find NewDay did anything wrong and I don't require it to take any further action.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs A to accept or reject my decision before 17 March 2022.

Elizabeth Dawes
Ombudsman