

The complaint

Mr B complains that NewDay Ltd, trading as Aqua, didn't give him support when he found his credit card unaffordable.

What happened

Mr B held an Aqua credit card between July 2014 and August 2019. Mr B says he found it difficult to make his monthly repayments from the start and, as he couldn't afford to make his monthly repayments, he found it necessary to take out his first payday loan in 2015.

Mr B says he started to get further and further behind, and his annual interest and fees became higher than his £900 credit limit. In addition, he struggled for four years and, in that period, received overlimit reminders, arrears letters and overdue payment reminders.

Mr B managed to pay off his account in full and close it in 2019. However, he complained to Aqua that he wasn't offered any support in the above-mentioned four-year period, such as freezing interest and charges or a repayment plan, as this would have helped him get back within the limit of the account. Mr B requested Aqua refund all interest and charges incurred from September 2014, plus 8% interest. Aqua couldn't see they had done anything wrong and declined Mr B's request.

Mr B complained to our service and our investigator's view was that Aqua had acted fairly and reasonably in both approving credit and applying the charges.

As Mr B remains dissatisfied, this case has now been referred to me to look at.

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 have come to the overall view that I don't uphold this complaint. I appreciate Mr B will be disappointed by my decision, so I'll explain why.

Our approach to considering complaints about unaffordable and irresponsible lending is set out on our website. I've had this approach in mind when considering what's fair and reasonable in the circumstances of this complaint.

There were no credit limit increases, only the initial limit of £900 approved on application. I have looked at the information gathered through the application process and this shows Mr B as having an annual income of £17,000 and other unsecured debt of £9,500. But the credit search undertaken didn't show any accounts in arrears, adverse public records or payment arrangements. So, noting this and the relatively low limit of £900 I don't think the credit results meant that further checks were required. I think the checks were reasonable and I haven't seen anything else to suggest the lending was unfair for any other reason.

I think it likely that Mr B's personal circumstances changed after the credit card was taken out, but I can't fairly hold Aqua responsible for that. When a customer is in financial difficulty,

there is industry guidance as to what a firm might do to help. Businesses have an obligation to treat customers in financial difficulty sympathetically and the Financial Conduct Authority (FCA) says that businesses like Aqua should treat customers in difficulties with forbearance and due consideration. So – I've considered Mr B's complaint in this light.

As Mr B's account was never in substantial arrears triggering a referral and support action, I looked closely at Aqua's communications with Mr B.

I could see Aqua sent letters to Mr B which supports their assertion that they contact customers who miss payments or exceed credit limits, asking customers to call them if they have difficulties paying and signposting customers to support organisations.

However, I couldn't see any evidence which shows Mr B informed Aqua that he was experiencing financial difficulty.

I considered the following two comments from Mr B:

- Mr B said he "received electronic account balances and default and overlimit fee notifications via email from New Day and didn't open letters sent to me"
- Mr B said he "was receiving harassing phone calls multiple times a day demanding payment to which left me feeling completely panicked and full of anxiety leaving me in a position where I felt too anxious to approach the lender for help because on occasions where I would call I was being demanded for bank details requesting that the outstanding balance would be withdrawn from my account. This made me completely evade reaching out for help as I would be under the impression I wouldn't get support but just credit controllers"

Although I can understand Mr B's comments and am sympathetic to his feelings, I consider Aqua's awareness and support correspondence to be fair and reasonable. Despite sending this correspondence, Aqua were not made aware of Mr B's financial difficulties.

Mr B had a signed credit agreement in which he accepted their terms and conditions, which included the charges on interest. Therefore, I don't think it would be fair to ask Aqua to refund the interest and charges.

So, while I do understand Mr B's strength of feeling, I haven't seen anything which suggests Aqua have acted unreasonably or unfairly and it follows that I don't think they need to do anything further in this case.

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 1 December 2022.

Paul Douglas
Ombudsman