

The complaint

Mr M complains NewDay Ltd (NewDay) reduced the credit limit on his credit card account without good reason and also breached his privacy.

What happened

Mr M says without any prior notification NewDay reduced the credit limit available on his credit card account from £1,500 to £300. Mr M says NewDay then informed him that this was reduced as he hadn't been using his credit card account which isn't true. Mr M is also concerned that his personal details may have been shared with another individual as he received a letter from NewDay with that individual's salutation.

Mr M wants NewDay to reinstate the previous credit limit on his credit card account and honour his privacy.

NewDay says it apologised to Mr M that it didn't initially send a letter to explain the reasons why it was reducing his credit limit and have offered £40 by way of apology. NewDay says the limit was reduced because Mr M didn't use the credit card account in the way it was intended and additionally Mr M may want to look at his credit file. NewDay says it regularly reviews its customers' accounts, so it may increase Mr M's limit at a later stage and will advise him of this if it does. NewDay says there wasn't any breach of Mr M's personal data it was simply a typing error in the salutation field of that letter.

Mr M wasn't happy with NewDay's response and referred the matter to this service.

The investigator looked at all the available information but didn't uphold the complaint. The investigator felt NewDay were entitled to review the credit limits of its customers from time to time and in this instance it felt it needed to reduce Mr M's limit accordingly, after conducting a credit file search. The investigator felt Mr M should request the credit balance on his credit card account to be sent to his bank account, so his credit card account can be used as intended.

The investigator says while it must have been frustrating for Mr M to have received a letter from NewDay with the incorrect salutation, there was no evidence of any personal data breach. The investigator says NewDay apologised for not initially sending a letter to Mr M advising him of the reduced credit limit, but the £40 it offered was a fair amount of compensation for that.

Mr M didn't agree with the investigator's view and asked for the matter to be referred to an ombudsman for a final decision.

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 won't be upholding this complaint and I will explain how I have come to my

decision.

I can understand it would have been upsetting for Mr M to learn the credit limit on his credit card account with NewDay had been reduced. When looking at this complaint I will consider if NewDay acted fairly when it reduced Mr M 's credit limit and if there's any evidence to suggest his personal data had been breached, following an incorrect salutation on a final response letter he received from NewDay.

Mr M's complaint centres around the fact, without any previous notification the credit limit on his NewDay credit card account was reduced from £1,500 to £300 and the subsequent explanation NewDay provided for that reduction isn't correct. Additionally, Mr M has raised concerns about his own personal data being potentially breached following the salutation on a letter he received from NewDay had another individual's name stated.

I understand the points Mr M makes here, in particular that NewDay's reasons for reducing his credit limit aren't accurate – in so far that he does use the credit card account but not the credit limit available on it, which he feels shouldn't be a reason for the substantial reduction in his available credit limit.

The first thing to say here is businesses like NewDay, as part of its ongoing credit assessments, are entitled to carry out regular reviews of its customers account activity. Here following doing so and checking Mr M's credit file, it didn't feel it could continue to offer the level of credit available to him, in part due to the fact there was very light usage of the credit facility provided to him, although other considerations were taken into account.

While I can understand this would have been frustrating for Mr M it's not my role to tell NewDay on what basis it must extend credit to its customers – that is a business decision for it to make based on various factors and I'm satisfied it has carried out a full review, but here felt it couldn't any longer offer the same level of credit as before in part because the credit limit wasn't being utilised - I am satisfied that was a reasonable decision for it to take.

NewDay have explained it does from time-to-time review customers credit limits and it may consider increasing Mr M's limit at a later stage.

I do agree however NewDay should have informed Mr M of this limit reduction sooner than it did, but I am satisfied its offer of £40 by way of apology is fair in the circumstances – after all Mr M wasn't making use of the facility in any event.

I have considered Mr M's concerns about the incorrect salutation on a letter he received from NewDay following his complaint and NewDay have confirmed there wasn't any data breach here, it was simply a typing error on the salutation field, but the letter was correctly addressed including his full name, so with that in mind I can't say there's any evidence to suggest any breach of Mr M's personal data has taken place here. I've also seen all other correspondence from NewDay to Mr M has been correctly addressed so I don't feel any additional compensation is warranted here.

While Mr M will be disappointed with my decision, I won't be asking anymore of NewDay.

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 Mr M to accept or reject my decision before 10 October 2023.

Barry White
Ombudsman