

## **The complaint**

Mr B complains NewDay Ltd won't allow him to move a payment he made on one credit card to another credit card.

## **What happened**

Mr B has two credit cards with NewDay – one under their Marbles brand, and another under their Aqua brand. Mr B made a payment of £1,000 on 10 May – at the time, the balances of the cards were:

- Marbles – just under the credit limit of £2,100
- Aqua - £3,315 which was over the credit limit of £3,200

Mr B says he chose to pay the £1,000 off the Marbles credit card to reduce his credit utilisation from 100% to nearer 50% – and to then pay more off the Aqua card. He also explained he already had a payment holiday agreed for the Aqua card.

The following day, Mr B's Marbles card had the limit reduced to £1,350 because he was in arrears with the Aqua account. Mr B called NewDay as this meant his credit utilisation was 90% instead of the 50% he was wanting. He asked NewDay to transfer the £1,000 payment from his Marbles card to his Aqua card to bring him under that limit. NewDay said they couldn't do this, because the credit limit on his Marbles card had already been reduced. Mr B felt this was unfair, and not helpful to him, so he complained.

NewDay said the reason they'd reduced his credit limit on his Marbles card was due to him being in arrears on the Aqua card. They said in line with their responsible lending policy, they regularly review limits available to their customers and in the future may be able to consider increasing his limit. Overall though, they didn't think they'd done anything wrong.

Mr B wasn't happy with this so asked us to look into things – saying if NewDay allowed him to move the £1,000 from the Marbles card to the Aqua card it'd have removed the need for the payment holiday. He said it'd have also cleared the arrears and significantly reduced his balance and minimum monthly payments.

As part of our standard process we asked NewDay for their information – amongst which they said Mr B had a third card, which was also over its limit.

One of our Investigators considered things but didn't think NewDay had done anything wrong.

Mr B didn't agree, in summary he said:

- He's aware credit limits can be reduced at any time – but what he was asking for was for the £1,000 to be paid off the account that's significantly in arrears
- If that'd happened, then the credit limit could have been reduced if required, but they wouldn't have kept him in arrears or financial difficulty

- NewDay had a moral and financial responsibility to use the £1,000 payment to pay off accounts in arrears first regardless of which account he paid the money to
- He quoted some information from the persistent debt guidance issued by the Financial Conduct Authority which he said meant NewDay could transfer the £1,000
- He said NewDay were now planning to default his Aqua account now as well

Because he didn't agree, Mr B's complaint has been passed to me to decide.

### **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.

Mr B accepts NewDay are allowed to reduce his credit limit and has stressed that isn't his complaint. So, I'll focus on the key issue of whether NewDay should have allowed some of the £1,000 payment to be credited to other accounts.

And the key question to help me answer that, is whether NewDay did anything wrong in saying no. And I don't think they did.

I say that because, although Mr B says his complaint isn't about the reduction in his credit limit on one of his cards, it's so entwined in his actual complaint it can't be ignored.

The reason I say that is because to allow Mr B to move money from the Marbles account he paid the £1,000 to, on to other balances, it'd require the credit limit to be increased on the Marbles card. But NewDay are allowed to reduce the limit on this card, which Mr B also accepts, meaning they've not done anything wrong.

So, if they've not done anything wrong in reducing the limit and refusing to increase it when asked, it follows they've not done anything wrong in refusing to spread the £1,000 payment around – as that'd require increasing the credit limit on Mr B's Marbles card.

I have noted carefully Mr B's concerns about NewDay's moral and financial responsibility, and that they shouldn't be keeping him in arrears. I don't entirely disagree with this, but equally he chose to pay the £1,000 towards the Marbles card – and NewDay have acted responsibly by reducing his credit limit on that card. So, overall I don't think this means they were or are required to do anything different at this point.

I've also considered the extracts Mr B provided about persistent debt – but I don't think that changes his position in this case, on the basis I remain of the opinion taking into account what he's said that NewDay still acted fairly.

Finally, the default Mr B has mentioned isn't something that was considered as part of this case. So, if Mr B is unhappy with NewDay's actions here, he'd need to raise a new complaint to them, and could then refer to us if he remained unhappy with their answer.

### **My final decision**

For the reasons I've explained above 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 31 January 2024.

Jon Pearce

**Ombudsman**