

The complaint

Ms L complains that NewDay Ltd completed a balance transfer from her credit card account to another credit card account when she wanted a money transfer.

What happened

In January 2022, Ms L called NewDay and asked if she could make a money transfer to her current account as she needed to make a purchase. NewDay explained that, although Ms L had done this before, there was no offer for her to do so at this time. NewDay said Ms L could increase her card limit as there was an offer available and that she could then complete a balance transfer to another credit card account she held. Ms L agreed to this and NewDay completed a balance transfer to another of her credit cards.

Ms L later complained to NewDay that she hadn't wanted a balance transfer and that NewDay hadn't explained what it had done. Ms L believes that she paid interest on the balance on both credit cards. NewDay didn't uphold Ms L's complaint and said its adviser explained to Ms L what was available to her at the time and told her of the charges she would incur. NewDay said it thought Ms L was fully aware that the transaction she approved was a balance transfer and not a money transfer.

Ms L brought the complaint to the Financial Ombudsman Service where one of our Investigators looked into things. The Investigator thought that NewDay didn't make it clear to Ms L what the difference between a balance transfer and a money transfer was. The Investigator felt that NewDay should pay Ms L £400 compensation for the distress and inconvenience caused and refund the balance transfer charge and any interest occurred because of the balance transfer.

I reached a significantly different outcome to that of our Investigator, so I issued a provisional decision and asked Ms L and NewDay for any further comments. In my provisional decision I said I intended saying NewDay didn't do anything significantly wrong.

I've received comments from both NewDay and Ms L and I'm now in a position to make my final decision. NewDay said it had no further comments and I will address the relevant comments provided by Ms L in my 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.

I understand Ms L will be disappointed with my final decision, but I've decided not to uphold the complaint. I will now explain why.

There's no dispute that NewDay completed the balance transfer to another of Ms L's credit cards, so my decision will focus on whether NewDay reasonably explained to Ms L what it would do and whether NewDay's explanation was enough for Ms L to make an informed decision to proceed. This seems to me to be the crux of Ms L's complaint as in her

comments to me Ms L re-affirms her view that NewDay didn't tell her there would be a charge for the balance transfer. I've listened to the telephone call from January 2022 again and I'm satisfied NewDay specifically told Ms L the charge would be £26.91, and that Ms L agreed to this.

During the call in January, Ms L said she'd previously used her NewDay card to provide a money transfer to her current account and asked NewDay if she could do this again. NewDay explained there was no current money transfer offer available on the account. Ms L explained she needed the cash to purchase goods, so after reviewing the account NewDay said that Ms L was able to increase her credit card limit and that if she wished she could use the increase to make a balance transfer to another credit card account. Ms L asked what the difference between a money transfer and a balance transfer was. NewDay explained a money transfer can only be made to a bank and a balance transfer would transfer money to another credit card. I've seen that the charges and interest applied to a money transfer and balance transfer are the same.

Ms L says that NewDay tried to complete the balance transfer to more than one card. I accept this is what happened, but Ms L initially asked NewDay to try a balance transfer to her current account. NewDay said it would try this, but when it didn't work NewDay again explained a balance transfer couldn't be made to a current account. Ms L then provided credit card details for the balance transfer to be made and the balance transfer completed to the credit card Ms L provided.

I'm satisfied NewDay provided Ms L with enough information for her to make an informed decision to proceed with a balance transfer. And NewDay made it reasonably clear that a money transfer wasn't available to Ms L at this time. In my opinion, having listened to the call in January, I'm satisfied NewDay told Ms L what the transfer charge was for the balance transfer. NewDay also highlighted the current interest rate on Ms L's credit card account.

Ms L initially said she'd been paying interest on the balance transferred and interest on her other credit card account – where the balance transferred was sent to. In this case NewDay transferred the agreed amount to Ms L's other credit card on 25 January. Ms L then promptly arranged a transfer for the full amount from her other credit card back to her NewDay account – I think this supports Ms L had a reasonable understanding of the balance transfer process. Ms L now accepts that she paid off the full balance transfer she'd taken from her NewDay account within a month – and, having reviewed the statements from NewDay I haven't seen that the balance transfer on this account accrued any interest. So, I'm not persuaded Ms L was paying interest on the balance transfer to both NewDay and the other credit card where the balance transfer was sent to.

My final decision

For the reasons I've detailed above, I've decided that NewDay Ltd didn't do anything significantly wrong and I haven't upheld Ms L's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms L to accept or reject my decision before 20 September 2023.

Paul Lawton
Ombudsman