

## **The complaint**

Mr S complains NewDay Ltd reduced the credit limit on his credit card from £4,500 to £1,100 without notice.

## **What happened**

Mr S received an email on 14 June 2023 to tell him his credit limit would be reducing. He says he called them up, as although he knew they could reduce his limit, he wanted an explanation. He was told it's because he'd not really been using the card. Mr S said he was aware NewDay were allowed to reduce the credit card limit but by reducing it this much it would hurt his credit file.

Mr S also told us a 'Q' marker had been added to his credit file, and NewDay had applied this which he didn't think was fair.

NewDay said they hadn't done anything wrong – so Mr S asked us to look into things. While doing so, he explained he was looking to get a mortgage at some point soon, and the decrease in his credit file had reduced his credit score.

One of our Investigators considered things – asking NewDay for information. When they didn't reply, she issued an outcome awarding Mr S £75 in compensation for not communicating the change in limit effectively. When they did eventually reply, she still felt £75 was fair but didn't think the Q marker had impacted Mr S.

NewDay didn't accept this as an outcome, so the complaint's been passed to me to decide. While objecting to the outcome, NewDay let us know Mr S was now eligible again for the higher limit. Mr S let us know he'd closed down the account now because of the Q marker and NewDay's refusal to remove it until this complaint was closed.

## **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 can see Mr S accepts NewDay are entitled to reduce his credit limit under the terms and conditions of his account – so, I won't consider that further.

Really, Mr S' concerns relate to how this has an impact on someone's credit file. I can't though require NewDay or all credit providers to fundamentally change how they deal with and communicate every lending decision they may make. I'm limited to considering the impact on Mr S' account, and whether they've treated him fairly.

Mr S said he got no notice of this change, and NewDay say that's to prevent reckless spending before reducing someone's limit. In line with the above, I can't tell NewDay to change their process for all customers, but I can look at Mr S specifically. Here, I think it's fair to say Mr S has demonstrated over a consistent period he's not a reckless spender – the reason NewDay have given for reducing his limit – because he rarely uses the card.

The terms and conditions of Mr S' account do say NewDay should give notice to changes which may have a negative impact on someone. Given NewDay were reducing Mr S' limit purely because he'd not used it much, there is no reason I can see why they couldn't have told him this in advance. There was no suggestion Mr S couldn't afford the spending (even if he had been 'reckless' as NewDay have suggested could happen) and that's borne out by them once again offering him the same limit.

So, I do think NewDay haven't treated Mr S fairly as they didn't tell him in advance they were reducing his credit limit.

In respect of the Q marker, I think NewDay should have removed this once they'd answered Mr S' complaint. The Q marker is only for when the accuracy of data on a credit report is under question. The credit limit reduction wasn't being disputed by either party, it was 'how' this was done by NewDay that Mr S had concerns over – so in Mr S' case it's debatable whether NewDay needed to record it in the first place.

I don't though think this has had any impact on Mr S. I say that because based on what he's said he's not applied for credit while the Q marker is showing. But, even if he had, then I'd expect any lender to take into account what he'd said about why it was showing. He'd also be able to evidence this with letters to / from NewDay and our service about the issues. So, in the circumstances, I don't think the Q marker has had any significant impact on Mr S' situation.

Our Investigator awarded Mr S £75 compensation because NewDay didn't effectively communicate with Mr S – and for the reasons I've mentioned above I agree with that.

### **My final decision**

I partially uphold this complaint and require NewDay Ltd to pay Mr S £75 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 22 February 2024.

Jon Pearce  
**Ombudsman**