

The complaint

Mr M complains about interest rate increases that NewDay Ltd ('NewDay'), trading as Debenhams Mastercard, applied to his account.

What happened

Mr M experienced some difficulty making repayments towards his NewDay credit card account. He was allowed breathing space in February and March 2023 and during that period interest and charges were not applied. Mr M says he was told that after the breathing space ended his account would return to '*normal*' but that it didn't because the interest rate was increased. He complained to NewDay that interest rates had gradually increased on his account since he took it out in 2018. He didn't think that was fair.

NewDay didn't uphold Mr M's complaint. They explained that interest rates had risen in line with the terms and conditions of Mr M's account and because there had been increases in the Bank of England base rate.

Mr M referred his complaint to this service, but our investigator didn't think NewDay had done anything wrong. Mr M asked for a final decision by an ombudsman.

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 know it will disappoint Mr M, and I was sorry to hear about the difficulties he's been experiencing, but I'm not upholding this complaint. I'll explain why.

Where the information I've got is incomplete, unclear, or contradictory, as some of it is here, I have to base my decision on the balance of probabilities.

I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point, it's not because I've failed to take it on board and think about it but because I don't think I need to comment on it in order to reach what I think is the right outcome.

The terms of Mr M's credit card account with NewDay explained that their '*[...] interest rates track Bank of England Base Rate*'.

Mr M's interest rate was changed on five occasions, as follows:

- 0.5% increase in March 2023
- 0.25% increase in April 2023
- 0.25% increase in June 2023
- 0.5% increase in July 2023
- 0.25% increase in September 2023

Those increases were in line with increases in the Bank of England base rate, so I don't think NewDay did anything wrong when they applied them. Mr M was notified of the changes on his monthly statements.

While Mr M was told that his account would return to '*normal*' when his breathing space ended, I don't think he was promised that the interest rate would stay at pre-breathing space levels. That could increase or decrease in line with the base rate.

Overall, I'm afraid I can't see that NewDay have done anything wrong when applying the interest rate increases that they have. They've also recognised the difficulties that Mr M has been experiencing and have refunded the interest applied in August and September 2023 as a gesture of goodwill. I think that was fair of them, especially as I haven't found they made any mistakes in respect of interest rate increases.

I can see that Mr M is also unhappy about credit limit increases and that he thinks money has been lent to him irresponsibly. That's not something NewDay have yet considered, and I can see that our investigator has, therefore, set up a complaint for Mr M with NewDay so they can do that. If Mr M is dissatisfied with NewDay's response he may refer that complaint to this service.

My final decision

For the reasons I've given above, I don't 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 18 January 2025.

Phillip McMahon
Ombudsman