

The complaint

Miss J complains that NewDay Ltd (trading as Aqua) charged too much interest on her credit card account and would not allow her to do a balance transfer.

What happened

Miss J says Aqua approved a card and increased the limit to £3,500 even though she had a poor credit history. She says that when she began to struggle with repayments, Aqua agreed payment holidays but there was no consistency in terms of what was reported to the credit reference agencies. She says that, following her complaint about irresponsible lending, Aqua closed her account without her permission. Miss J adds that she tried to do a balance transfer because of the very high interest rate but Aqua wouldn't allow it as it said the account was closed. She says she then found out that the account hadn't been closed until February 2024, after she wanted to do the balance transfer.

Aqua says there were no errors in the interest rates set on Miss J's account. It says the initial rates were included in the credit agreement and subsequent changes were notified on the statements. However, it apologised that Miss J was given incorrect information about the account closure, confirmed it was closed on 2 November 2022 and offered £25 for the confusion caused.

Our investigator did not recommend the complaint should be upheld. She was satisfied that Aqua made the interest rate clear from the outset and that Miss J would have been able to make an informed decision. Our investigator also found that the account closure had been clearly communicated and that Miss J understood that. She explained that Aqua followed its own processes when it didn't allow the balance transfer on a closed account, but accepted Miss J had received incorrect information about the date of closure. She considered Aqua's offer of £25 for this to be fair.

Miss J responded to say, in summary, that she was prevented from doing a balance transfer because she had complained about irresponsible lending and her account had been closed. She says this is unfair as it was nothing to do with her missing payments and the interest rate is so high her regular payments were paying little off the balance.

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.

With regard to the interest rate charged on Miss J's credit card, I'm satisfied that this was clearly communicated to her throughout the lifetime of the account. I can understand that

she found the interest rate was high, especially when compared with the minimum repayments she often made, but I can't conclude Aqua made an error in this respect.

I've also considered how Miss J used her card, when it was closed and Aqua's management of the account.

In the lead up to the account closure in November 2022:

- Aqua suggested higher repayments from March 2022 as Miss J was making minimum repayments that were little more than the interest;
- Miss J made these higher repayments in March, April and May 2022, but then missed June's payment and her account was suspended;
- Following receipt of June's minimum payment, Miss J's account was reactivated, and she charged a money transfer of over £2,000 to the account;
- The minimum repayment was received in August, but no further payments were received, and the account was again suspended;
- Following a complaint from Miss J about irresponsible lending, Aqua took the decision to close her account to prevent further financial difficulties;

Following the account closure:

- Aqua refunded three months of interest charges and late payment fees and charged no further interest until March 2023;
- A further payment holiday was agreed from June 2023 and interest was waived again until October 2023;
- The final interest charge was in November 2023 as Miss J's account was again suspended and finally defaulted on 28 June 2024.

I cannot comment on Miss J's irresponsible lending case, as this was considered as part of a different complaint, however, I don't find Aqua was wrong to close Miss J's account as a response to her financial difficulties and the fact she'd claimed Aqua was irresponsible to have approved that amount of credit.

Miss J said she attempted the balance transfer in late 2022 / early 2023 and so I'm satisfied that the account was closed then and that Aqua's processes did not allow a balance transfer. I acknowledge that Miss J was subsequently told, incorrectly, that the account wasn't closed until later, but I consider the £25 Aqua offered for this error was fair.

Finally, I also consider Aqua acted positively and sympathetically by agreeing to payment holidays and suspending interest charges when it did, and I don't find it needs to do anything further in response to Miss J's complaint.

My final decision

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss J to accept or

reject my decision before 22 February 2025.

Amanda Williams
Ombudsman