

The complaint

S complain about interest charges that they've been asked to pay on a revolving credit agreement with New Wave Capital Limited trading as Capital on Tap.

What happened

S entered into a revolving credit agreement with Capital on Tap in November 2023.

S complained to Capital on Tap in April 2024 about the interest charges they had applied to their account. They explained to S that they had applied the terms of the contract correctly but if they were unhappy with that decision, they could refer the complaint to this Service. In August 2024 S made a similar complaint to Capital on Tap and when they referred S to their previous decision S asked this Service to look into it.

Our investigator agreed that S had applied the terms of the account correctly, but as S disagreed the complaint has been referred to me, an ombudsman, to make a 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 know it will disappoint S, 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.

When S referred their complaint to this Service, they complained about interest of £77.70 that had been applied in July 2024 when they had reduced their account balance to zero, and about a finance charge of £68.36 that was applied on 24 August 2024 that they said was charged on a balance of only £37.51. It seems to me that the complaint was in essence the same one that had been made in April 2024, that the calculation of interest was wrong.

Section 4 of the terms and conditions of S's account explains how interest is applied. Section 4.3 says:

"[...] We do not charge Interest on Card Purchases shown on a statement if the closing balance is paid in full by the payment due date shown on that statement. However, if you have not paid the closing balance on the previous statement by the payment due date, interest will accrue on Card Purchases until you next pay your closing balance in full by that payment due date. After you make full payment by your payment due date, you will not be

charged interest on Card Purchases providing you continue to pay off the full balance by the payment due date. [...]"

I think those terms were correctly applied in July 2024 when interest of £77.70 was charged. Because the full balance hadn't been paid in the previous month the account had become interest bearing, the £77.70 related to interest on the balance from 25 June 2024 until the 22 July 2024.

There was an outstanding balance between the 25 July 2024 and the 18 August 2024 before a payment was received on 19 August, that balance incurred interest of £68.38.

Having reviewed the payments I can't see that Capital on Tap have applied the terms of the account incorrectly and I'm not asking them to take any action.

Since the complaint was referred to this Service, I can see that S has raised concerns about not being allowed to repay the balance on the account. That's not something that I can see S has raised with Capital on Tap yet and as we can only usually consider complaints after the business has provided their decision, S will need to refer that complaint to Capital on Tap in the first instance.

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 S to accept or reject my decision before 13 March 2025.

Phillip McMahon
Ombudsman