

The complaint

Miss H complains that NewDay Ltd reduced the credit limit on her credit card.

What happened

Miss H holds a Debenhams credit card with NewDay.

On 26 October 2024 Miss H made a payment of £18.41 to her account using the online service. However, the payment wasn't credited to her account. This resulted in a late payment fee being applied.

Miss H then received a letter advising her that her credit limit had been reduced on both the Debenhams and another account because of the arrears on the account.

Miss H complained to NewDay. She was unhappy with NewDay's decision to reduce the credit limit on her accounts and that NewDay hadn't located the payment she'd made on 26 October 2024.

NewDay didn't uphold the complaint. It said it hadn't received a payment to the account on 26 October 2024 from Miss H and that the credit limit had been reduced due to how the account had been managed. NewDay said that as a gesture of goodwill it was refunding the late payment fees and November month statement interest totalling £17.23 to the account.

Miss H remained unhappy and brought her complaint to this service. She wants the credit limit reinstated, her credit file amended and compensation.

Following the referral of the complaint to this service, NewDay reviewed the matter and discovered that Miss H's had used her Pulse account number to make payment of £18.41 intended for her Debenhams account. NewDay said that whilst the keying error by Miss H had resulted in the payment being credited to the incorrect account, it was regrettable that it hadn't checked its systems sooner to see if the payment had been credited to a linked account. NewDay said that in recognition of the poor customer journey that Miss H had experienced it wanted to offer compensation of £50.

Our investigator thought the offer was fair. He said it was a keying error by Miss H and not an error by NewDay which had caused the payment to go to the incorrect account and therefore he couldn't ask NewDay to reinstate the credit limits. The investigator said that NewDay had confirmed that no negative information had been recorded on Miss H's credit file and that in the circumstances, the refund of the late payment fee and interest and the compensation of £50 was a fair resolution.

Miss H didn't agree. She said that NewDay had allocated the payment to the wrong account and that it should've corrected this much sooner. Miss H said the reduction in her credit limit was a direct result of this error and she felt that further compensation should be offered as well as the reinstatement of her credit limit.

Because Miss H didn't agree I've been asked to review the complaint.

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 that it will disappoint Miss H, but I agree with the investigators opinion. I'll explain why.

I've reviewed the Debenhams account history. I can see that Miss H was due to make a payment on the Debenhams account by 28 October 2024. The minimum payment required was £18.41. Miss H has said that she made this payment on 27 October 2024, but I can't see any reference to that payment on the Debenhams account.

I've also reviewed the Pulse account history. I can see that on 27 October 2024 a payment of £18.41 was credited to the account.

Based on what I've seen, I think it's likely that the payment made by Miss H to the Pulse account was the payment she intended to make to the Debenhams account.

Miss H has said that the allocation of her payment to the Pulse account was due to an error by NewDay. However, the information provided by NewDay suggests that Miss H used her Pulse account number when she made the payment of £18.41, which was why the payment was credited to her Pulse account.

On balance I haven't seen evidence to persuade me that NewDay made an error when it credited the payment to the Pulse account. I think it's more likely that this was due to a mistake by Miss H.

I've gone on to consider whether it was fair for NewDay to reduce Miss H's credit limit. The terms and conditions of the credit agreement state that NewDay can amend the credit limit at any time. In this case, NewDay reduced the credit limit on both accounts due to the missed payment on the Debenhams account.

As I've said above, I don't think NewDay was responsible for the payment error. The payment which was due on the Debenhams account wasn't made on time. In the circumstances, I don't think NewDay treated Miss H unfairly by reducing the credit limit on her accounts.

Because I haven't found that NewDay made an error with the payment allocation, I'm unable to ask them to reinstate the credit limits.

I've gone on to consider the customer journey that Miss H experienced when she queried the payment. I've reviewed the live chats. None of the agents who spoke to Miss H checked to see if the payment had been credited to a linked account. NewDay has since acknowledged that the agents should have done this and has offered £50 compensation for the poor service.

I can see that NewDay has – as a gesture of goodwill – refunded the missed payment fee and interest. It has also confirmed that it hasn't reported any adverse information on Miss H's credit file. I understand that Miss H has concerns about the possible impact on her credit file, but I haven't seen any evidence to suggest that it's been adversely affected.

Taking everything into account, I think the compensation offer from NewDay is fair. As I've explained above, I haven't seen any evidence to persuade me that NewDay was responsible for the payment being allocated to the incorrect account. Because NewDay hasn't made an

error I can't ask it to reinstate the credit limits.

My final decision

My final decision is that I uphold the complaint because I think the offer of compensation is fair. NewDay Ltd must pay compensation of £50 to Miss H.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 21 April 2025.

Emma Davy
Ombudsman