

The complaint

Mr H complains that a Recommended Extra Payment (REP) was added to his account with NewDay Ltd and taken by direct debit without his consent.

What happened

Mr H holds a credit card with NewDay Ltd.

On 29 February 2024 Mr H set up a Direct Debit on the account. NewDay wrote to Mr H confirming the direct debit set up. The letter stated that the direct debit would cover the contractual minimum payment plus an optional REP which may vary according to the outstanding balance.

NewDay sent a statement to Mr H in October 2024 notifying him that it was adding a REP to his payment the following month.

The December 2024 statement showed a direct debit set for £142.70 comprising the contractual minimum payment plus the REP. The payment due date was 9 January 2025. The statement advised Mr H that if he didn't wish to pay the REP, he needed to call NewDay no later than 5 working days before the payment due date.

NewDay didn't receive a response from Mr H to opt out.

Further REP's were included in the January and February 2025 statements.

When Mr H discovered that a REP had been added to his account he complained to NewDay.

NewDay didn't uphold the complaint. It said it had notified Mr H about the REP and that it had been charged in accordance with the terms and conditions of the direct debit.

Mr H remained unhappy and brought his complaint to this service.

Our investigator didn't uphold the complaint. She said NewDay had informed Mr H that it would be adding the REP to his account.

Mr H didn't agree. He said that although he accepted that NewDay had sent him a letter in February 2024 advising him that it might add a REP, he said he hadn't agreed to this when he took out the card.

Because Mr 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 it will disappoint Mr H but I agree with the investigators opinion. I'll explain why.

I've reviewed the letter that NewDay sent to Mr H in February 2024. This states that Mr H's direct debit will cover the contractual minimum payment plus an optional recommended extra payment.

Mr H has said that this amounts to a breach of contract because he didn't agree to it when he took out the card. I've thought about this. However, having reviewed the credit agreement that Mr H signed when he took out the card, I'm satisfied that Mr H was made aware at the inception of the account that a REP may be added. The relevant part of the agreement states (under the heading "What Happens If You Are Not Making Sufficient Payments"):

"We might recommend an extra payment. You can let us know if you would prefer not to pay the REP"

I've also reviewed Mr H's monthly statements. The statement dated 23 October 2024 states that a REP will be added to the direct debit the following month.

Mr H had the opportunity to opt out of the REP by contacting NewDay at least 5 working days before the payment due date. I haven't seen any evince to suggest that Mr H requested to opt out of the REP.

Based on what I've seen, the REP has been added in accordance with the terms and conditions of the account. I'm unable to say that NewDay has made an error or treated Mr H unfairly.

My final decision

My final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 4 August 2025.

Emma Davy
Ombudsman