

The complaint

Mr B complains that NewDay Ltd (“NewDay”) wrongfully changed the interest rate on a credit card he held with them.

What happened

Mr B held a credit card account with NewDay since October 2022.

In June 2023, NewDay wrote to Mr B and said:

“Due to the changing global economic situation over the past year, unfortunately we’ve had to take the difficult decision to increase our rates.”

The letter went on to explain that the rate Mr B would be charged would take effect from September 2023.

In Mr B’s August 2023 statement, NewDay gave a further reminder about the upcoming interest rate change.

Mr B complained about the change in rates of interest that NewDay applied to the credit card account he held with them. Mr B didn’t think that some of the changes that occurred were due to changes to the Bank of England Base Rate. Mr B also complained that he wasn’t informed correctly about the changes in the interest rate applied to his credit card account.

In December 2024, Mr B complained to NewDay. NewDay responded and explained to Mr B that interest rates were set inline with their business policy and the terms and conditions of Mr B’s credit agreement. NewDay also explained that they needed to give Mr B 60 days’ notice of any pending changes to the interest rate applied. And that they wrote to Mr B in June 2023, advising him that an increase would soon take effect.

Unhappy with NewDay’s responses, Mr B referred his complaint to our service in May 2025.

Our investigator issued his view to Mr B in which he explained why he didn’t uphold his complaint. In summary, the investigator explained that NewDay had notified Mr B of the interest rate changes in line with their terms, and he thought that their further explanation in their final response to Mr B was fair.

Mr B disagreed with the investigator’s findings. And so, the complaint was passed to me to decide.

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.

Having done so, I’m not upholding this complaint and I’ll explain why below.

I'm aware I have summarised events and comments made by both parties very briefly, in less detail than has been provided, largely in my own words. No discourtesy is intended by this. In addition, if there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point or argument to be able to reach what I think is a fair outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as an alternative to the courts.

I have noted that Mr B has asked for more time to gather more information before a decision is issued. However, I'm satisfied I have enough information to reach a decision on this complaint. And I'm mindful that I need to be fair to both parties to this complaint and I don't think it would be fair to leave this complaint open indefinitely.

Mr B complains about a credit card supplied to him under a credit agreement. Entering into consumer credit contracts such as this is a regulated activity, so I'm satisfied I can consider Mr B's complaint about NewDay.

The crux of Mr B's complaint is around the interest rate that has been applied to his credit card account and how he feels NewDay hadn't correctly notified him of the rate change, and that the rate change wasn't in line with their terms and conditions.

So, I have firstly considered the terms and conditions which Mr B agreed to when he took out a credit card with NewDay. The terms say under a section called, "*Can we change the cost of borrowing and other terms?*":

"Changes to your standard rates because of changes to the Bank Rate (also known as Bank of England Base Rate)

The standard interest rates that apply to purchases, cash transactions, balance transfers and money transfers are linked to the Bank of England Base Rate...

If the Bank of England Base Rate changes, we will change our standard interest rates by the same amount... within seven working days and we will let you know the new rate on the next statement we send you...

Changes to your standard rate for other reasons and changes to any other terms of this Agreement

As this Agreement has no fixed end date, we cannot predict all of the reasons which could mean that we might change the interest rates, fees or other terms of this Agreement... Any change we make will be reasonably proportionate to the impact of the underlying change on us... If the change is not to your advantage and you do not want to accept the change, we will let you end the Agreement without charge...

We may make changes to this Agreement, including interest rates, fees and all other terms, for any of the following reasons:

- *To reflect an actual, or reasonably expected, change in our underlying costs so as to ensure that our business is run prudently and maintains broadly similar level of profitability and competitiveness by continuing to earn an acceptable return from providing your account. For example if the costs to us of providing your account... change, or if we have good reason to expect that they will change, this might mean we review our prices."*

I have inferred from the terms above that NewDay can change the standard rate of interest when the Bank Rate changes, as well as in situations which may impact the profitability of the business.

In this instance, NewDay informed Mr B in June 2023 that, *“Due to the changing global economic situation over the past year, unfortunately we’ve had to take the difficult decision to increase our rates.”*. Then, in August 2023, NewDay gave a further reminder about the upcoming interest rate change occurring in September 2023.

The terms of the agreement say under a section called, *“Telling you about changes”*:

“We will tell you about any planned change at least 30 days before we make it... We will tell you by including a message in your monthly statement, by writing to or emailing you separately or by sending you a mobile message...”

If we are increasing an interest rate other than because of a change in the Bank of England Base Rate and you don’t want to accept the new rate, you can tell us within 60 days of us telling you about it.”

Given the circumstances, I don’t think NewDay have acted unfairly. NewDay have acted within their terms in increasing the interest rate. They have explained in their letter to Mr B in June 2023 that this was due to the global economic situation over the year. And I can see that they gave Mr B sufficient notice of the impending interest rate increase.

I also think that the explanation NewDay have given in their final response, and subsequent responses as to why they increased the interest rate is fair – that it is in line with their terms and conditions and business policy. I appreciate Mr B would like a more detailed explanation as to how they have calculated the interest rate applicable, but I don’t think NewDay need to do so. It is for NewDay to decide what rate they apply to the account, considering various factors. And if Mr B was unhappy with the interest rate increase, then NewDay explained next steps and how the agreement could be ended if he chose to.

My final decision

For the reasons I’ve explained, I don’t uphold this complaint. So, I don’t require NewDay Ltd to do anything more here.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr B to accept or reject my decision before 12 November 2025.

Ronesh Amin
Ombudsman