

The complaint

Mr E complains about interest charged by ONMO Limited (ONMO) and the available balance on his credit card account.

What happened

In February 2025 Mr E complained to ONMO about his available balance fluctuating without justification, and interest charges on his credit card account.

ONMO sent Mr E their final response to his complaint in February 2025. They said the fluctuations and the charges were a result of interest being applied, known as 'first month interest' (FMI). They said this interest was accrued on transactions between the transaction date and the repayment date. They said it'd been correctly applied and so they didn't uphold Mr E's complaint.

Unhappy with this, Mr E brought his complaint to this service for investigation. He said his available balance was fluctuating with no entry on the statement to show where it'd gone, and he didn't know what the FMI was for.

Our investigator gave their view that there was no evidence of the balance fluctuations, however ONMO hadn't provided a reasonable explanation of what FMI was, and so they should refund any FMI charges made from account opening, plus interest. They also asked ONMO to pay Mr E £125 compensation.

ONMO accepted our investigators recommendations. Mr E felt that the compensation amount should be higher due to the time taken to resolve the matter, and the effect it'd had on him personally.

I issued a provisional decision on this complaint in October 2025 recommending that it was not upheld. I made the following provisional findings:

Mr E is unhappy with the fluctuations in his available balance, and with the interest charges on his account, so I'll address these separately.

Interest charges

Our investigator asked ONMO to refund any FMI charges made by ONMO as they didn't feel they'd been adequately explained. Having reviewed Mr E's account statements, I don't agree that this is the case.

The way that ONMO charge Mr E interest is set out on his account statements. The statement from January 2024 says, under the 'interest charging information' section:

"We will not charge you interest on your purchases if you pay the statement balance shown on your current statement in full by the next payment due date as shown on your statement"

This means that if Mr E makes a purchase using his credit card and pays the full balance of his credit card off when his next payment is due, then he won't be charged any interest on that purchase.

The interest charging information section goes on to say:

"If you do not pay the statement balance shown on your current statement in full by the next payment due date, we will charge interest on the purchases made in the month covered by the statement on and from the day the purchase was made."

This means that where Mr E doesn't pay off the balance in full, ONMO charge interest on any purchases he makes from the day that he makes them. So, the interest is backdated for the previous month and added to the next statement.

For example, Mr E's statement for January 2024 shows that he made purchases. Mr E's statement for February 2024 shows that he didn't pay off the balance in full by the payment due date. And so, in February Mr E is charged interest on his outstanding balance for February shown as an interest charge in the 'at a glance' section of his statement, plus he is charged interest on the purchases from the date he made them in January up to the statement date in January. This charge is shown separately as a transaction on the account labelled as 'first month interest' (FMI).

Mr E didn't make any purchases on the card in February 2024 and so there is no FMI transaction on his statement in March 2024.

Based on the evidence, I'm satisfied that ONMO clearly explain on each statement how interest will be charged, and that any FMI transactions they've charged are in relation to purchases that Mr E has made but hasn't paid off by the payment due date. So, I'm not asking them to refund any of these charges.

I appreciate that Mr E will be disappointed with my findings here, but I hope I've been able to explain why the charge was made, and that ONMO have acted in line with the terms and conditions of the account.

Available balance

Mr E said that his available balance was fluctuating regularly, and he felt that money was being taken from his account without justification.

I haven't seen any evidence of the available balance fluctuation. However, ONMO have explained that interest is calculated daily in the background but added to the statement at the end of each month.

This means that if Mr E is viewing his real-time available balance, there are likely to be interest charges that have been calculated but not yet added to his statement. This reduces the amount of credit available for Mr E to use, without showing as an entry on his statement. This isn't unusual for a credit card account and helps to prevent consumers exceeding their credit limit because of interest charges.

Overall, I'm satisfied that ONMO have acted in line with the terms and conditions of Mr E's account. The interest they've charged him is fair, and there haven't been any deductions to his account that don't relate to a transaction, interest or charge. So, I'm not asking them to take any further action.

ONMO didn't respond to my provisional decision.

Mr E responded to my provisional decision to say the FMI was in addition to the interest applied, as can be seen on the front page of the statements. Mr E said there was no explanation of the FMI, and it was removed from June 2024 onwards, which confirms that it was wrong.

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.

As set out in my provisional decision, I accept that the FMI is shown separately as a transaction on the account and is in addition to other interest applied to Mr E's account. But I'm not persuaded that there was no explanation of the FMI. For the reasons set out in my provisional decision, I'm satisfied that the statements clearly set out how interest will be charged, and that Mr E has been charged in line with this explanation.

Whilst ONMO don't appear to have charged Mr E FMI in later statements, I'm not persuaded that means that the earlier charges were incorrect.

Mr E has said that ONMO had offered to refund the charges in response to our investigators view. For the reasons I've set out above I'm not asking ONMO to take any further action. But Mr E may wish to contact them directly to ask if they still want to make an offer in respect of his complaint.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 3 December 2025.

Zoe Merriman
Ombudsman