

complaint

Mrs H complains about the way NewDay Ltd managed her credit card account. She says this has been confusing and it's resulted in her being charged extra.

Mr H has been acting as her representative and helped deal with this complaint.

background

Mrs H realised there might be a problem with a cheque she'd sent NewDay to clear the balance on her card.

So Mr H got in touch with NewDay and, after some discussion, it was agreed that he'd make a debit card payment to clear the outstanding balance on Mrs H's credit card. As a result, her statement for the following month showed both the cheque she'd paid in and the debit card payment as credits on her account. And although the cheque payment was reversed on the next month's statement, this has affected the balance shown on Mrs H's statements since.

She's been making payment adjustments based on the amount she feels reflect what she actually owes each month. But, although Mrs H always intends her monthly repayments to clear the balance, she's been incurring interest as a result.

We investigated what had happened. NewDay wasn't responsible for Mrs H's cheque bouncing. But our adjudicator felt that it could have explained the situation better to Mr H when the debit card payment was taken. He suggested the fairest way overall to put matters right is for Mrs H to pay the balance that wasn't paid when the cheque bounced. And for NewDay to rework her account as if she'd paid this on time – and refund her the interest she's been charged (after making allowance for refunds paid already).

NewDay disagrees. It feels it has acted responsibly in this matter. And it says it told Mrs H about the fee she'd incur if her cheque was returned. NewDay's view is that it isn't responsible for the confusion there's been.

So the complaint has been referred to me.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. I can see why both Mrs H and NewDay feel the other side is responsible for things going wrong here. But I agree with our adjudicator. Here's why I say this.

My role is to look at whether NewDay has acted fairly and reasonably overall.

It seems clear to me that Mrs H managed her account responsibly and generally paid the balance due on her card each month. And when she realised her cheque might bounce, Mr H contacted NewDay for her to try and avoid this causing problems. NewDay took steps to assist Mrs H in this situation. And I have taken this fully into account in coming to my decision. But, I think NewDay could have done more in these particular circumstances to explain that Mrs H might not be able to rely on the information in her next statement. That's because NewDay's system isn't set up to record two full balance payments in one month.

Mrs H wasn't made aware that the cheque being returned unpaid would mean she'd need to pay a higher amount than that shown on her next statement. She would still owe the amount that looked as if it had been covered by her bounced cheque. That's because the cheque appeared on Mrs H's statement as a credit to her account. It was later debited from her account. But the sequence of events, and NewDay's way of processing what happened, meant the cheque payment wasn't immediately cancelled when Mr H first alerted it to the problem with the cheque. So it looked as if Mrs H had paid more off her outstanding balance than in fact she had done. And even though Mrs H paid in full the balance shown on the statement NewDay sent her, it wasn't enough to clear what she actually owed.

It seems clear to me that Mrs H always intended to pay off her credit card spending in full each month. She hasn't paid enough to cover the payment that was missed when the cheque bounced. But that's only because she thought NewDay hadn't correctly managed her account. If NewDay had explained the situation to her clearly, I think it likely that Mrs H would have cleared her outstanding credit card balance every month.

I've thought carefully about what NewDay should do to put things right. It's already made some payments to her. So, if Mrs H now pays NewDay the £643.27 that wasn't paid when her cheque bounced, it should rework her account as if she'd paid the balance on her next statement in full by the due date. And it should refund interest that Mrs H wouldn't have incurred if she'd paid the full balance each month. I think this fairly and reasonably puts Mrs H into the position she'd have been in if NewDay had explained things to her clearly before taking a duplicate payment from her.

my final decision

So my final decision is that I uphold this complaint in part. If Mrs H accepts my decision and pays it £643.27, I order NewDay Ltd to:

- rework Mrs H's account as if the balance had been paid in full by 2 January 2015, and
- refund her any interest it owes her as a result of correcting its records (after taking into account any interest refund paid already).

Under the rules of the Financial Ombudsman Service, I am required to ask Mrs H to accept or reject my decision before 17 August 2015.

Susan Webb
ombudsman