

## **complaint**

Mr H complains that NewDay Ltd mis-sold him a credit card. He says that he was pressured into taking out the card and didn't need it; he wasn't given a clear explanation about the interest or the terms and conditions.

## **background**

Mr H applied for his card in a department store in November 2013. NewDay has since taken over the business of the credit card issuer, so is responsible for this complaint. Mr H mentions being told that it would improve his credit rating if he took it out. But he thinks the interest rate payable on the card is 49% per year, which he should've been warned about as he's been unable to afford this. He's also told us that he thinks the sales agent should've told him that other credit cards might be cheaper. He doesn't understand how Newday gave a credit limit of £4,000 to a 'complete stranger'. During the time he had the card, he ran up this limit and his parents had to help him pay off the borrowing.

One of our investigators considered the complaint. She explained that the interest rate of 29.9% was shown on the first page of the credit agreement, near where Mr H signed it. Any fees that are payable are were also listed on the same page, so she thought NewDay had clearly highlighted this information to Mr H. She said it was reasonable for Mr H to read the agreement before signing it.

The agreement also set out that Mr H had a right to cancel it, which he could've done if he felt afterwards that he'd been rushed into taking it out. On balance, our investigator felt that if Mr H had concerns about undue pressure being applied at the time, it was more likely that he'd have raised them with NewDay sooner.

Mr H didn't agree. He said NewDay never checked that he could afford to repay as much as £4,000, such as by looking at his income. The investigator gave her view that although the sales agent might not have filled out an income and expenditure 'form', his application would've been subject to a credit check. NewDay expected him to be in a position to make repayments on the card, and the credit limit would've been set on that basis.

Mr H remained dissatisfied and his complaint was passed to me for a further review.

## **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 haven't found grounds on which to uphold Mr H's complaint, for much the same reasons as the investigator.

The environment in which the credit card was sold (at the counter in a department store) doesn't lend itself to a more thorough examination of Mr H's finances in the way he suggests. I realise Mr H has said that this kind of sale should stop; but he would need to address those concerns to the regulator, the Financial Conduct Authority – not this service.

NewDay has provided us with details of the evidence it holds on Mr W from the time of sale and this does include his marital and family status, income and living arrangements. The investigator has recently asked Mr H to give us the same information and it seems there is some agreement here. For instance, NewDay correctly recorded that Mr H had been living at the same address for 20 years and didn't pay a mortgage or any other rent.

So whilst Mr H may not recall doing so, I think it's likely that he did supply information to NewDay for it to do a credit and affordability check. Mr H has told us he was self-employed and had unpredictable earnings. But I can see that NewDay did record an estimate for his income and taking that into account, along with a reasonably good credit rating, and low living costs, it made a decision to extend him credit of up to £4,000. This limit wasn't granted straight away in the shop; it was decided later and posted to him with his plastic card.

NewDay has been able to provide Mr H's payment history since 2015. I can see that he had run up a balance close to £4,000 by this point, and was only paying off slightly more than the minimum repayment necessary to avoid penalty charges each month. It looks like Mr H got into a bit of difficulty with the card, and ultimately needed his parents' help to pay it off – but I can't fairly say that was NewDay's fault. It had still been Mr H's responsibility to decide how much of that limit he wanted to use at any point; bearing in mind how much interest was payable and how his financial position might vary over time.

I also don't agree that the interest rate on the card was 49%. It's stated on the credit agreement as 29.9% - and this appears to correspond to the amounts of interest charged on his monthly statements. I think Mr H would've been aware that the sales agent was only offering a NewDay card, which therefore wouldn't necessarily be the most competitive one he could get. There was no requirement for NewDay to explain what rates of interest other credit providers would charge. Nor could it do so, because it was a matter for those providers whether they would lend to Mr H (and at what rate).

I've considered Mr H's point about pressure being applied to take out the card. It's quite possible the sales agent told him that he could establish more of a credit history by using (and making repayments on) the card. That wouldn't be an incorrect statement to make, so I don't think it amounts to undue pressure. I agree with the adjudicator that Mr H didn't have to agree in the store to apply for the card. And he had a chance to reflect in his own time afterwards and exercise his cancellation rights (or simply not use the card). Ultimately Mr H seems to have made a decision to use rather than cancel the card.

### **my final decision**

I don't think Mr H's credit card was mis-sold, and I won't be upholding this complaint. Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 29 September 2017.

Gideon Moore  
**ombudsman**