

complaint

Mr G has complained that NewDay Ltd (trading as Opus) charged interest on his credit card, even though there was a promotional 0% interest rate on a balance transfer amount.

background

Mr G transferred his balance from another card to his Opus card account. The Opus card offered 0% interest on this balance transfer for a set period. The payment that has led to this complaint was made to cover a particular transaction he had made earlier that month. The transaction had not yet appeared on his credit card statement.

Opus used part of the payment to reduce his transferred balance.

Mr G wants the balance recalculated as if the payment he made had been applied to his purchases, not the balance transfer.

Our adjudicator reviewed all the information that Opus and Mr G sent to us, including the terms of the balance transfer, and what this meant for his account. She saw that Opus refunded one month's interest charge as a gesture of goodwill when Mr G complained to them. But she felt the payment had not been fairly allocated and that this meant Mr G had paid more interest than he should have done. Opus does not agree with this.

In her first view on the case our adjudicator felt that Opus should also pay Mr G £100 compensation for the distress caused.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

In the Terms and Conditions that apply to this account, clause 2.2 is the clause that sets out the order in which any payment is applied to the transactions on the account. But it is not clear enough in the way it sets out the order. Because of this Mr G paid a large sum of money earlier than he needed to. If he had paid it later, it would've been used against the transaction he wanted it to pay off and no interest would've been charged.

Opus have accepted that Mr G wasn't aware of the way the payment would be used and offered to refund part of the interest charged on the account.

I agree that Opus can't show the way it allocated the payment was correct under the terms and conditions. So they must put this right.

Our adjudicator also felt Opus should pay some compensation for the distress caused to Mr G. This was covered in her first letter to them both. I agree that this should be paid.

my final decision

My final decision is that I uphold this complaint. In full and final settlement of it, I order New Day Limited (trading as Opus) to:

- Rework the account so that the payment of £2,500 is applied against transactions charged to the account in the month this sum was paid; and;

- Pay Mr G £100 compensation for the distress and inconvenience this matter has caused him.

Under the rules of the Financial Ombudsman Service, I'm required to ask [insert anonymised name here] to accept or reject my decision before 20 July 2017.

Margaret Hughes
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