

complaint

Ms S complains two fees were incorrectly added to her credit card account by NewDay Ltd. The fees were charged because her account balance had exceeded its credit limit.

background

Ms S has a credit card account with NewDay. On 20 December 2017 a £12 'overlimit fee' was added to her account. This happened again on 21 January 2018.

Ms S complained to NewDay. In response NewDay explained why the fee had been added to her account in January 2018. But it didn't comment on the fee that had been added in December 2017. In respect of the January 2018 fee, NewDay explained:

- Ms S' statement is generated on the 20th of each month. If her full balance is not cleared by the payment due date, interest is added to her account on a daily basis, from the date transactions are made.
- Once interest is calculated it's added to the account balance; and if this takes the account over its credit limit, an overlimit fee is charged. This is what happened in January 2018.
- Although a £35 payment was made by Ms S on 20 January 2018, this didn't reach her account until 22 January 2018 – which meant the interest that was added on 21 January 2018 took her account over its credit limit. It also explained payment timescales are detailed on the reverse of her monthly statements.

Ms S was unhappy with NewDay's response. So she referred her complaint to this service, where it was considered by one of our investigators. But our investigator didn't think Ms S' complaint should be upheld. To summarise, our investigator thought that her account had exceeded its credit limit during both the December 2017 and January 2018 statement periods – so he thought the fees had been added correctly.

Ms S disagreed with our investigator's findings. So the case has been passed to me for a final decision. Ms S has made the following points:

- She made a £60 payment on 20 December 2017. But this payment wasn't shown on her December 2017 statement. It was shown on her January 2018 statement. Ms S says if this £60 payment had been applied to her account at the time it was made, her account balance would've remained under its limit during the December statement period.
- Ms S also made a £35 payment on 20 January 2018. But this payment wasn't shown on her January 2018 statement. It was shown on her February 2018 statement. So again, Ms S says if this £35 payment had been applied to her account at the time it was made, her account balance would've remained under its limit during the January statement period.

So for these reasons, Ms S doesn't believe the overlimit fees should've been charged in December 2017 or January 2018.

my findings

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've decided not to uphold it. I'll explain why. But first, I thought it would be helpful to set out the transaction history of the three statement periods in question, i.e. December 2017, January 2018, and February 2018:

statement: 20 December 2017			
date	transaction	amount +/-	balance
21 November 2017	opening balance	-£640.09	-£640.09
11 December 2017	credit payment	£32.00	-£608.09
17 December 2017	cash withdrawal	-£35.00	-£643.09
17 December 2017	cash advance fee	-£3.00	-£646.09
18 December 2017	credit payment	£13.00	-£633.09
19 December 2017	cash withdrawal	-£40.00	-£673.09
19 December 2017	cash advance fee	-£3.00	-£676.09
20 December 2017	overlimit fee	-£12.00	-£688.09
20 December 2017	interest	-13.58	-£701.67
20 December 2017	closing balance	£0.00	-£701.67

statement: 21 January 2018			
date	transaction	amount +/-	balance
21 December 2017	opening balance	-£701.67	-£701.67
20 December 2017	credit payment	£60.00	-£641.67
21 January 2018	interest	-£14.63	-£656.30
21 January 2018	interest credit	£0.05	-£656.25
21 January 2018	overlimit fee	-£12.00	-£668.25
21 January 2018	closing balance	£0.00	-£668.25

statement: 20 February 2018			
date	transaction	amount +/-	balance
22 January 2018	opening balance	-£668.25	-£668.25
20 January 2018	credit payment	£35.00	-£633.25
23 January 2018	credit payment	£500.00	-£133.25
26 January 2018	purchase	-£5.75	-£139.00
21 January 2018	credit payment	£150.00	£11.00
20 February 2018	interest	-£0.23	£10.77
20 February 2018	interest credit	£0.06	£10.83
20 February 2018	closing balance	0.00	£10.83

Ms S' account terms and conditions state: "*Overlimit Fee: charged each Statement Period that the balance on your Account is over your Credit Limit.*" This fee is also confirmed as £12.

This term means, that if at *any time* during a statement period, Ms S' account balance exceeds its credit limit of £650, a £12 fee would be charged.

The above tables show that Ms S exceeded her credit limit on 19 December 2017, when she withdrew £40. So I'm satisfied that the £12 overlimit fee was fairly charged during the December statement period.

Even if Ms S' £60 payment had been applied to her account on 20 December 2017, i.e. on the date the payment was made – this would've still been too late, as her credit limit had already been exceeded the day before.

The above tables also show Ms S exceeded her credit limit on 21 January 2018, when that month's interest was added to her account. But on this occasion, if her £35 payment had been applied to her account on the date the payment was made, i.e. on 20 January 2018, the interest that was added a day later *wouldn't* have taken her balance over its limit.

But importantly here, I don't think NewDay did anything wrong by not applying Ms S' £35 payment until the next working day. So I'm also satisfied the £12 overlimit fee was fairly charged during the January statement period too.

The reason I don't think NewDay did anything wrong by not applying Ms S' £35 payment on the same day it was made, or indeed her £60 payment, is because these payments were applied to Ms S' account in-line with the timescales set out on her card statements. The terms and conditions also refer Ms S to her card statements for payment timescales.

Ms S made both of these payments online and her statements explain that it takes up to one working day for such payments to be credited to her account. Ms S made the £60 payment on a Wednesday and it seems to have been credited to her account on the next working day, on a Thursday. And Ms S made the £35 payment on a Saturday and this payment seems to have been credited to her account on the next working day too, on a Monday.

So for these reasons, I can't reasonably decide that the December 2017 or January 2018 overlimit fees were applied incorrectly, or unfairly.

my final decision

I understand my decision will come as a disappointment to Ms S. But for the reasons given above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms S to accept or reject my decision before 12 August 2018.

Vince Martin
ombudsman