

complaint

Ms K complains that NewDay Ltd (t/a Debenhams) incorrectly applied a £96 default fee plan to her account and has charged her interest on this at 31.485%.

To settle matters she'd like the default fee plan removed from her account and for the £96 fee and interest charged to be refunded.

background

I issued my provisional decision on 31 July 2018, a copy extract of which is attached and forms part of this final decision.

In my provisional decision I explained why I wasn't proposing to uphold Ms K's complaint. I invited both parties to let me have any further submissions before I reached a final decision.

NewDay hasn't submitted any further information for me to consider. Ms K disagrees with my provisional decision. She says that I've allowed NewDay to charge her default payments that she'd already paid before it took over her account.

my findings

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

I've thought carefully about everything Ms K has said in response to my provisional decision. I can see she feels strongly that NewDay has charged her additional default payments. However, for the reasons I set out in my provisional decision I don't agree that this is the case.

It follows that I have no reason to depart from my provisional decision.

my final decision

My final decision is that I am not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms K to accept or reject my decision before 18 January 2019.

Michelle Hayward
ombudsman

copy extract of provisional decision

complaint

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To settle matters she'd like the default fee plan removed from her account and for the £96 fee and interest charged to be refunded.

background

Ms K discovered on her August 2017 store card statement that a default fee plan of £96 had been added to her account. Interest is charged on this at 31.485%. Ms K contacted NewDay and asked it to remove the default fee plan and to refund the £96 fee and interest.

When Ms K complained to NewDay it said the £96 fee it'd charged related to eight separate late payment fees applied between 2011 and 2014. And it says it was allowed to apply these charges due to the terms and conditions of her account. But Ms K doesn't understand what these historic charges for late payment have to do with the £96 default plan she's recently discovered.

She thinks the charge has been applied in an underhand way as it wasn't shown on the front of her statement. And that it's illegal for the rate interest she's charged not to be shown on the front of her statement.

Our investigator didn't recommend that Ms K's complaint should be upheld. In her opinion NewDay was entitled to apply the charges in line with the terms and conditions of Ms K's account. In terms of the rate of interest not being shown on the front of her statement, in our investigator's opinion the statements were as she expected them to be.

Ms K doesn't agree with the investigator's view. She believes NewDay is stealing money from her because it's applied a default fee plan again when it'd already charged her eight late payment fees previously. And she says NewDay didn't write to her to tell her it would be charging a fee.

my provisional 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'm not intending to uphold Ms K's complaint.

I can see that historically Ms K has been charged eight late payment fees of £12 each. These fees were applied to her account between 2011 and 2014. I'm satisfied that the late payment fees were correctly charged in accordance with the terms and conditions of Ms K's account because Ms K failed to make certain payments on time. However, I understand that Ms K isn't complaining about these historic charges. Rather she complains that she's been charged the late payment fees twice with interest.

I've seen that Ms K's August and September credit card statements refer to a Default Fee Plan of £96.00. But this information appears in the additional details on the statements and not in the list of new transactions debited and payments received – which is where I'd expect the fee to be listed had they been charged to the account at this time.

But I can't see why the sudden reference to a default plan would be concerning to Ms K. And NewDay didn't explain this to Ms K when she asked about it in her initial complaint. So we asked NewDay for further information about this because when I looked at Ms K's recent credit card statements I could see that Ms K had been making the minimum payments required. So there was no obvious reason why a default fee plan should be showing.

NewDay has explained that the Default Fee Plan on Ms K's August and September statement refers to the total amount of default fees that have been applied to Ms K's account over the period she's held her account. So the Default Fee Plan on her August and September statements refer back to the historic default fees totalling £96 that were applied to her account between 2011 and 2014 and which Ms K has not disputed. Based on what I've seen I'm satisfied NewDay hasn't charged the default fees twice. And because it wasn't charging a new fee, there was no reason for it to notify Ms K.

NewDay has explained that the historic default fees are still showing on Ms K's statement because she's never repaid her credit card balance in full. I can see from Ms K's recent statements that she generally pays more than her minimum monthly payment. This then leaves her with an outstanding balance on which she's charged interest. So the statements show the different types of transactions that interest has been charged on i.e. the ongoing outstanding balance and the previous default fees. So I'm satisfied that NewDay hasn't treated Ms K unfairly.

I'm also satisfied that the interest rate applicable to her account is clearly shown on the second page of her statement together with the amount of the outstanding balance on which this has been charged. So again I can't fairly find that NewDay has done anything wrong here.

my provisional decision

I'll consider any further comments by 14 August 2018. But unless anything changes my mind, for the reasons given above I don't intend to uphold this complaint.

Michelle Hayward
ombudsman