

complaint

Ms D complains that NewDay Ltd didn't treat her fairly when she noticed she was being charged an incorrect amount of interest on her credit card account.

background

Ms D holds a credit card with NewDay. In February 2017, she transferred a balance onto the card, taking advantage of a promotional interest rate. However, Ms D was then charged more interest than she'd expected.

When she received the next few months' statements, Ms D raised her concerns with NewDay. On each occasion, it agreed to refund the interest she'd paid. However, in July 2017, Ms D called NewDay again and was told it wouldn't refund further interest. Ms D felt NewDay's representative was rude to her. She wants NewDay to refund the interest she's been charged, and to compensate her for what has happened including her call costs, delays, and the overall inconvenience.

In its final response, NewDay didn't accept that anything had gone wrong with Ms D's account. It offered her £10 for her inconvenience and the calls she'd made. Ms D didn't agree this was a fair resolution and so she asked us to review everything.

Our investigator thought NewDay had likely made an error in how it had allocated payments to Ms D's account, and so hadn't charged her the correct amount of interest. She recommended that NewDay should refund the interest Ms D had been charged incorrectly, ensure no future errors were made in allocating payments, and pay Ms D a total of £100 for the trouble and upset she'd been caused.

Following our involvement NewDay reviewed the account history, and accepted that an error had occurred on Ms D's account. It said she'd been charged too much interest as a result. NewDay agreed to the investigator's recommendations and adjusted her account to remove the interest. Ms D said she didn't think the award of £100 was adequate to recognise everything that had happened as well as matters such as her call costs.

So this issue has been referred to me to reach a final decision.

my findings

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

NewDay now accepts that it made an error in the way it assigned a payment to Ms D's account. It's agreed to refund the interest payments she's made since then. It's also checked that the account has operated as it should have since it identified its mistake.

Assuming Ms D makes no further purchases on her account before the end of the promotional period, or that she clears her balance in full by the relevant due dates, NewDay says no further interest will be charged.

I'm satisfied that what NewDay has now agreed to do is fair and reasonable to resolve this part of Ms D's complaint. So the remaining part I need to determine here is appropriate

compensation for the trouble and upset NewDay caused Ms D, together with any costs she incurred.

I understand Ms D's frustration with NewDay's initial error. She's explained about the difficulties she had in getting this matter resolved. She's told the investigator about the calls she had to make and how she thought NewDay treated her rudely at times, as well as unfairly.

I've reviewed everything Ms D has said, and thought carefully about what has happened. And I've taken into account the calls Ms D had to make and her dissatisfaction with how NewDay treated her overall. It is an unfortunate, but inevitable, fact that at times in our day-to-day lives we'll all experience a level of trouble and upset in our dealings with other people and businesses. But what's happened here goes some way beyond the level I'd expect to see. I don't think NewDay's original payment of £10 was sufficient.

In deciding the appropriate award to make, I've considered awards made in other complaints, and our general approach to such awards — which isn't intended to be punitive.

Of course, I can't remove the impact that this has had on Ms D, only recognize what she's experienced. While I know she'd like to receive more than the investigator recommended, I consider £100 is a fair and reasonable award. I consider this is reflective of the trouble and upset Ms D has had, and the calls she's had to make.

my final decision

For the reasons given above, I uphold Ms D's complaint against NewDay Ltd.

I understand NewDay Ltd has already credited Ms D's account with a total of £100, and removed the interest it had charged. It's also confirmed that the account has been operating correctly since the error occurred. So I don't require NewDay Ltd to do more here.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms D to accept or reject my decision before 1 March 2018.

Stephen Dickie
ombudsman