

## **complaint**

This complaint is about the way NewDay Ltd has handled Mr M's credit card debt.

## **background**

Mr M's financial circumstances changed in 2009. He found he couldn't any longer afford the monthly repayments on his NewDay credit card. He's had a number of payment arrangements set up with NewDay since.

Mr M's unhappy that NewDay mistakenly added some charges to his account incorrectly. He feels NewDay should've refunded all the amount overcharged and not just part of it. And he's concerned that interest and charges have made his position worse. Overall, Mr M doesn't feel NewDay has treated him fairly.

Our adjudicator looked into what's happened. He sympathised with Mr M's position. But after investigating Mr M's account history over a number of years, our adjudicator didn't feel he could uphold Mr M's complaint.

Mr M wasn't happy with our adjudicator's assessment and asked for an ombudsman review. He's directed my attention to criteria set out by the Financial Conduct Authority which Mr M believes will greatly help me reach an objective determination of fairness.

## **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 appreciate Mr M feels that the way NewDay treated him has added to his money problems. I sympathise with the situation Mr M finds himself in. But, like our adjudicator, I think NewDay has given a fair and reasonable response to his complaint. Here's why I say this.

Lenders must treat customers in financial difficulty fairly. I can see that there've been times when NewDay allowed Mr M to make reduced monthly repayments. And NewDay stopped applying the full contractual rate of interest on Mr M's account and charged him reduced (or 0%) interest rates.

Sometimes these arrangements fell through when Mr M didn't pay the agreed minimum amount. NewDay told Mr M that when he missed making agreed payments, the arrangement would be broken. And when that happened, it could lead to Mr M having to pay additional costs.

I've taken into account what Mr M's said about his debt spiralling due to the interest charges (on charges and the principal) from 2010 to 2012 when it's clear he was in financial difficulty. But, I can't fairly say NewDay hasn't treated Mr M in the way I'd expect – or in a way that's not in line with good industry practice. And I don't find that NewDay acted wrongly, unfairly or unreasonably when it applied the interest and charges Mr M has complained about. They're part of the terms and conditions he agreed to when he signed up for his credit card.

Sometimes it helps to put an account into default if a person is in financial difficulty. This stops interest and charges being added and effectively freezes the debt. But, it adversely affects a customer's credit rating. It can lead to problems getting credit in the future. And information can stay on a credit file for up to six years.

So I don't find in this case that NewDay should reasonably have defaulted Mr M's account instead of agreeing payment arrangements with him. And over the last few years, Mr M has successfully had a payment arrangement in place. He's been able to maintain regular agreed payments and he's not been charged any interest or charges. As things have turned out, I think Mr M might have found himself in a less favourable position now if NewDay hadn't handled his account as it did.

It appears that NewDay's systems didn't always apply interest correctly on Mr M's account. To put things right it refunded an overcharged amount it calculated. I think that's fair and in line with what I'd expect NewDay to offer Mr M in this situation.

My role is to look at all the circumstances and consider whether NewDay has acted fairly and reasonably overall towards Mr M. Looked at overall, I agree with our adjudicator that the way NewDay dealt with Mr M's account is fair and reasonable. In my view the steps it took when it made a mistake show that NewDay was concerned to put things right for Mr M. Taking everything into account, I don't require it to take any further action in these circumstances.

### **my final decision**

I don't uphold this complaint for the reasons I've set out.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 5 November 2015.

Susan Webb  
**ombudsman**