

complaint

Ms B complains that NewDay Ltd was irresponsible in increasing the limit on one of her credit cards, and then accepting her application for another one.

background

Ms B has two separate credit cards provided by NewDay. The first was taken out in November 2015 and her credit limit was £600, but NewDay increased this to £1,500 in August 2016. She applied for another card with NewDay in November 2016 and was approved for this. She was given a limit of £900 on that card.

Ms B complained that she NewDay shouldn't have increased her limit or agreed that she could have another credit card, as it was clear from her spending that she was experiencing problems.

She said NewDay should refund all interest and charges that have been applied to her account since the limit was increased and since the second account was opened. She also asked for the two balances to be combined with an agreed repayment arrangement.

NewDay said one of the benefits of the cards it provides is to give a customer an opportunity to rebuild their credit history. It reviews a customer's credit limit and may increase it depending on how the account has been managed and external checks with credit reference agencies. Ms B was sent a letter before her limit increase and was given the option not to accept it.

And it said she was approved for the second card on the basis of the information she'd given at the time. It couldn't combine the balances of two stand-alone products.

NewDay said Ms B should contact its financial solutions team to try and arrange a repayment arrangement for each account if she feels that's needed.

Our investigator didn't think Ms B's complaint should be upheld. She said that Ms B had been maintaining her payments leading up to the increase and didn't think there was anything in her credit file to suggest offering the increased limit was irresponsible. Ms B was told she could contact NewDay to say she didn't want the higher limit, but didn't do this. She said Ms B had applied for another card with NewDay, and her information was assessed. She was satisfied NewDay had undertaken reasonable checks when making its decision to offer Ms B credit.

Ms B didn't accept the adjudicator's findings and asked for her complaint to be reviewed. She said the credit she was given was unaffordable and she struggles to make the minimum payment each month. She'd been refused limit increases she'd asked for on other credit cards. She'd told NewDay in June 2017 that she was having difficulties but they didn't offer any advice about what to do. The matter is having an impact on her mental health and ability to recover.

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'm sorry for the situation Ms B has found herself experiencing. I do understand what she's told us about her health problems and the help she's getting.

I can see that she spoke to NewDay about her financial difficulties to look at agreeing a reduced payment plan. It completed an income and expenditure assessment with her to look into this. But it's told us that the offer of payment she made was higher than the monthly minimum payment required on both accounts, so no reduced payment arrangement was set. It's said she then continued to maintain the minimum payments to both credit cards.

I've looked through Ms B's account statements and the credit report she's provided; and I've taken into account what she's told us about her circumstances. But I don't think NewDay acted irresponsibly in either offering her the increased credit limit on one card, or approving her for another.

NewDay has told us that it reviewed both how she'd been managing her account and information from credit reference agencies before offering the increased limit. And she had the opportunity not to accept it or not to make use of it, if she felt it wasn't right for her.

She also chose to apply for a second credit card from NewDay later that year, and again it looked at the information she'd given in her application together with that from credit reference agencies, before approving it.

I don't think NewDay should necessarily have monitored her credit card account for how and where she was spending on it. And I haven't seen that she made it aware of the problems she was having when she applied for the second card.

New Day has refunded a late payment fee of £12 as a gesture of goodwill. But in the circumstances here, I don't think it should be required to refund any further charges or interest when these have been applied in accordance with the terms and conditions of the accounts.

I leave it for Ms B to contact NewDay to arrange a mutually agreeable repayment arrangement, as it has suggested.

my final decision

My decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms B to accept or reject my decision before 3 May 2018.

Cathy Bovan
ombudsman