

complaint

Mr P complains that NewDay Ltd, trading as Aqua, has unfairly made a number of increases to the interest rate on his credit card.

background

Mr P says that over the last five years the interest rate on his credit card has doubled and he didn't agree to those increases when he opened the account. He says the increases can't be justified and that Aqua advertises a credit card at a lower interest rate than the one he is charged. Mr P says his new monthly repayments are unaffordable and would like his interest rate reduced.

Aqua says it's acted in line with the terms and conditions of Mr P's account by reviewing and if necessary increasing the interest rates. It says it regularly reviews its credit risk on all accounts but says that information is commercially sensitive. Aqua also says Mr P didn't have to agree to any of the interest rate increases but that would've meant he could no longer use his credit card.

Mr P brought his complaint to us and initially our adjudicator upheld it as he thought Mr P had an agreed a debt repayment plan with Aqua. Both parties then provided further information to confirm that wasn't the case. The adjudicator reviewed that information and didn't uphold the complaint. He thought Aqua was entitled to change the interest rates in line with the account terms and conditions and so hadn't made a mistake or acted unfairly. He also thought Aqua's credit risk information was commercially sensitive.

Mr P doesn't accept that view and has asked me to review it. He says any interest rate increase should be in line with the Bank of England rates and that Aqua can't show the actual level of risk in his case.

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 come to the same overall conclusions as the adjudicator for the same reasons. I realise that Mr P will be disappointed by my decision. And I appreciate that the interest rate on his credit card has increased significantly since the account was opened.

I've looked at the terms and conditions of Mr P's account, which I think he would've agreed to when the account was opened. Having done so I'm satisfied that Aqua is entitled to review and change the interest rate on the account by providing notice. I'm also satisfied that's what happened here and that Mr P was given the option to reject the interest rate increases if he wished to do so. So I don't think Aqua has made a mistake or acted unfairly.

I accept that a business is entitled to review its accounts and determine and set interest rates. I think those are commercial business decisions that I can't fairly interfere in. I also accept what Aqua says about that type of information and agree that it's commercially sensitive and not something I would expect Aqua to share with its customers.

I'm satisfied that Mr P hadn't entered into a repayment plan or that Aqua had been made aware of any financial difficulties. If that were the case then I would've agreed with the adjudicator's initial view. If Mr P finds himself in financial difficulties as a result of the interest rate increases then I hope he will approach Aqua and it should deal with any difficulties positively and sympathetically.

Overall I'm satisfied that Aqua hasn't made a mistake or acted unfairly. So I can't reasonably order it to reduce the interest rates it charges Mr P. For the reasons I've explained I also can't order a business to reduce rates or set them in line with other organisations as Mr P would like. I also can't look into Aqua's promotional material for accounts with lower interest rates than Mr P is being charged.

my final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 17 January 2019.

David Singh
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