

complaint

Mr R complains about his Aqua credit card, which is provided by NewDay Ltd.

background

Mr R opened his credit card account in October 2017. Since then he's made a number of complaints.

The specific issues Mr R has asked us to look at relate to:

- Not being able to use his card at cash machines or for chip and PIN payments since May 2018 when a transaction was declined.
- Late payment fees applied to his account.
- NewDay recording adverse information on his credit file.
- The compensation offered by NewDay.
- The level of service received from NewDay.

NewDay responded to Mr R's complaints in its final response letters dated 29 January 2018, 8 February 2018, 10 May 2018, 5 July 2018, 9 July 2018, and 10 July 2018.

The issues covered in those final response letters were:

- Problems using NewDay's "interactive voice response" automated phone system.
- Having to provide security information more than once on each call.
- Being asked for an alternative contact number.
- Late payment fees applied to the account.
- Information recorded on Mr R's credit file.
- The attitude of NewDay's representatives on the phone.

NewDay refunded a number of late payment and over-limit fees totalling £36 and credited Mr R's account with £70 as a gesture of goodwill.

Our adjudicator didn't uphold the complaint, but NewDay did agree to honour an additional offer of £50 which it mentioned in error in its final response letter dated 9 July 2018. Mr R disagreed with the adjudicator, so I was asked to make a decision on the complaint.

I issued a provisional decision explaining that I thought the total compensation of £120 offered by NewDay was sufficient. NewDay responded to say they'd already made the full payment of £120 (through credits to Mr R's account). Mr R didn't respond to the provisional 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.

using the card

Mr R was unable to use his card at cash machines or make chip and PIN payments from May 2018 onwards.

The initial problem started when Mr R attempted to make a transaction on the evening of 30 May 2018. That transaction was declined, and his account was apparently locked as a result. I understand that Mr R received a PIN reminder and tried to use this to unlock the card at a cash machine – but it didn't work. It's unclear exactly when that was.

NewDay says that the card won't work in cash machines or for chip and PIN payments while there is a contractual payment outstanding on the account. That is provided for in the account terms. It's unclear exactly why the transaction was declined and the account locked. But it clearly caused some inconvenience to Mr R. So I've taken this into account when looking at compensation below.

The issue of late payments could have caused additional issues, because it would mean that Mr R couldn't use the card at a cash machine until the relevant payment reached his account. When Mr R spoke to NewDay on 2 July 2018, its agent tried to explain this to Mr R. Mr R was annoyed by this because he thought the card was locked before any contractual payments were missed. But I think NewDay's agent was making a relevant point at that time – that Mr R would've been unable to use a cash machine at all until the account payments were up to date.

NewDay says Mr R took a cash advance around 21 October 2019. So, it appears the card was no longer locked at that time.

I acknowledge it must have been frustrating for Mr R to be unable to use his card. And having difficulty sorting it out obviously upset him. But I don't think it's unreasonable for NewDay's systems to decline transactions when a contractual payment is outstanding on the account. Or for the card to be locked following a declined transaction. I've not seen any evidence that makes me think NewDay did anything wrong that prolonged the situation.

If he hasn't done so already, Mr R could consider setting up a direct debit to ensure the minimum payment is automatically made on time every month. That may reduce the risk of his account being locked in future.

late payment and over-limit fees

From the statement information I've seen it appears that all the late payment fees and over limit fees that were applied to Mr R's account between January 2018 and September 2018 have been refunded. So, Mr R has not lost out due to any such fees being applied to his account.

credit file information

Mr R has provided a copy of his credit file for his Aqua card account covering twelve months up to September 2018. This shows that NewDay reported his card account was up to date every month within that period.

NewDay has also provided evidence showing no adverse information was reported to credit reference agencies between the account opening and January 2019. During that time the account is shown as being up to date every month.

This means that there's no evidence that the issues Mr R has complained about have had any negative effect on his credit file.

level of service and compensation

Over the months Mr R lodged many individual complaints with NewDay. It's clear that he is frustrated and annoyed with the overall service that he's experienced.

I understand that Mr R had issues using NewDay's "interactive voice response" phone system. I can understand this sort of system is annoying when it doesn't work as expected. But it seems Mr R had the opportunity to speak to a person whenever this happened.

Unfortunately, when speaking to a person, Mr R had to repeat information to them so they could verify his identity. NewDay says it is trying to improve its automated systems so that its agents know if the customer has already passed the security questions. But that at the times in question that wasn't possible.

I appreciate how frustrating this can be. But NewDay has a responsibility to ensure it's speaking with the right person before discussing details of an account. As would each individual Mr R spoke to. So, while this aspect of the service fell below Mr R's expectations, the limitations of NewDay's systems at the time meant NewDay had little choice but to ask the security questions again whenever he spoke to an agent.

Mr R was unhappy about being asked for an alternative contact number. NewDay says it will ask for this to help with security. But that it noted Mr R's objection on his account once he told them about it. I don't think it's unreasonable for NewDay to enquire about alternative contact details. It seems to have taken on board Mr R's objection to this, so I wouldn't expect it to do anything more than that.

As mentioned above, all late payment and over-limit fees that were applied to the account during the period I've looked at have been refunded. And no adverse information about the account is recorded on Mr R's credit file as a result of the issues he's complained about.

Mr R was unhappy with the attitude of NewDay's representatives when he spoke to them on the phone. I've listened to a number of call recordings where he complained about this. On each occasion Mr R started the call seemingly annoyed because of dealing with the "interactive voice response" system. This was immediately made worse by having to provide the same information again and answer security questions. Mr R felt the attitude of the people he spoke to was poor.

On occasion, I think the agents could've been more patient with Mr R. But I don't think they were unreasonable or rude. I think they were trying to help or explain things to Mr R, but they were unable to do so to his satisfaction.

Overall, I think the steps NewDay has taken – in refunding the late payment and over-limit fees, and paying compensation totalling £120 – is sufficient to put things right.

my final decision

For the reasons I've explained, my decision is that the total compensation paid by NewDay Ltd is a fair and reasonable settlement of this complaint. So I'm not directing NewDay Ltd to do anything further.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 11 March 2020.

Phillip Lai-Fang
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