

complaint

Mr R complains that NewDay Ltd trading as Aqua (Aqua) wrongly approved his application for a credit card when they knew of his health conditions, and then increased his credit limit and interest rate.

background

Mr R opened a credit card account with Aqua on the 10 December 2014 following receipt of marketing mail through the post. Mr R said that when he applied for the account, he told Aqua of his medical conditions in writing. Aqua said they didn't receive that letter and assessed his application based upon the application form and information they obtained from a Credit Reference Agencies (CRA). The latter revealed a default some 2 years previously, but did not adversely affect the application. Mr R met Aqua's acceptance criteria and he was given a credit limit of £600.

Aqua agreed Mr R had credit limit increases in March and July 2015 to £1,600 and £2,200. And in December 2015 and April 2016 the limit was increased to £3,200 and £4,200 respectively, at Mr R's request. The final increase in October 2016 was to £5,300 which was not at Mr R's request; although in June 2017 his request for a further increase was refused.

Aqua agreed that the interest rate was increased in May and December 2017 following a review and in line with their terms and conditions. They said it was in line with their business risk policy and took account of the way Mr R managed his account, how it was being used and any CRA information. They said letters were sent to Mr R in February and September 2017 explaining the reasons, and giving him the option to opt-out, which would have allowed him to continue to pay the balance at the previous interest rate, but closing the account for further transactions. Mr R did not opt out.

Aqua accepted Mr R contacted them on the 29 March 2018 advising them of his ill health, but the call disconnected before they could offer him any help. When he called on the 17 April 2018 a hold was applied to his account and he was issued with an Income and Expenditure Form. When that was returned on the 10 May 2018, with an explanation of his medical issues, Aqua said it placed a block on the account stopping interest and charges accruing. A £20 pcm payment arrangement was agreed with the last payment made on the 14 December 2018.

Aqua accepted that in dealing with his complaint, they had wrongly suggested he had applied online rather than by post, and because of that offered £35 in compensation. Mr R was unhappy with Aqua's response and so an adjudicator from this service looked into the complaint but didn't think Aqua had done anything wrong. He did however think the offer of £35 for providing inaccurate information was reasonable. Mr R disagreed with that view and so the matter has been passed to me for 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. There are a number of aspects to this complaint. The first is in relation to the approval of Mr R's application. I know Mr R says he sent a letter explaining his medical conditions to Aqua, and I do not doubt him, but equally Aqua have checked to see if that letter was received and they say it wasn't, which means they were unaware of his medical conditions. They did take into account his employment

status, his income and made checks with a CRA. Having done so they acted appropriately, at that time, in approving his account and awarding him a credit limit of £600.

The second aspect is in relation to the credit limit. I accept the first two increases were made without Mr R requesting them, but in March and July 2015 and in October 2016, Aqua informed him they were increasing his credit limit explaining his options. Mr R would also know from the statements he received that the rate had increased. Further, in December 2015 and April 2016 he made a request for an increase which was granted. From Mr R's credit card statements it is clear that he was managing his account quite well by meeting or exceeding the minimum payment required indicating that the increases were affordable. As our adjudicator found, Aqua also carried out checks before all the credit limit increases, so I think they have acted fairly here. I've taken into account the fact that there was a default on Mr R's credit file with Experian but that did not appear on the Equifax report which Aqua used, and so it would be unfair to blame Aqua for that deficiency.

The third aspect to the complaint relates to the increase in interest rate. This they were entitled to do pursuant to the terms and conditions governing the account, provided they gave notice which they did. And, Mr R elected not to opt out of the increases.

The final issue is in relation to the level of compensation Aqua offered for providing wrong information. That was an unfortunate error, but I can accept that it did not materially affect the way in which Aqua dealt with Mr R. As such I think Aqua's offer of £35 was fair and reasonable and it is in line with the awards this service would make in such circumstances.

What I need to decide is whether Aqua acted fairly and reasonably in how it dealt with Mr R. When Mr R made his application Aqua were unaware of his medical conditions, but when they were, they acted appropriately and fairly. And the increase in interest rates and credit limits were pursuant to the terms and conditions and after checks were completed. So, I'm not satisfied that Aqua has treated Mr R unfairly, and I don't uphold this complaint.

my final decision

Aqua has already made an offer to pay £35 to settle the complaint and I think this offer is fair in all the circumstances. So my decision is that NewDay Ltd trading as Aqua should pay £35 to Mr R.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 16 August 2019.

Jonathan Willis
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