

complaint

Mr H complains that NewDay Ltd did not handle the administration of his credit card account properly.

Background

Mr H has a credit card administered by NewDay and his regular monthly statements ceased in January 2014. There was some confusion regarding his address and the business says mail was returned undelivered. It engaged a trace agent and a block was placed on the account. No statements were issued between February and May. Mr H contacted the business in June 2014 to ask what had happened to his statements. He then complained to NewDay about the administration of the account and it refunded a late payment charge of £12. It also removed all adverse information from his credit profile.

Unhappy with the response, Mr H brought his complaint to this service. The adjudicator recommended that it be upheld in part. She considered that Mr H should have been aware that he needed to make his regular monthly payments even if he had not received the statements and so she did not consider that any other charges should be refunded. After the complaint had been referred to this service the business offered to refund a trace fee of £25 it had imposed. The adjudicator accepted that was reasonable, but suggested that the bank pay Mr H an additional £50 to reflect the problems caused by the confusion surrounding his address. NewDay agreed.

Mr H had one other issue which was that he had not received notification of an increase in the interest rate charged on his account. This was increased in June 2012. The business provided a template of the letter that would have been issued and a copy of the screen print for Mr H's account which showed: "*account repriced ... (APR 24.8% to 28.8%)*". The adjudicator did not consider this was sufficient to demonstrate that the appropriate letter had been issued. She suggested that the business should refund to Mr H the difference in the interest between the old and new rates from June 2012 to date.

The business did not agree that the interest should be refunded. It took the view that the copy of the template letter and the screen shot were enough to show that the appropriate notification had been provided.

my provisional decision

I issued a provisional decision in this case. In summary I recognised that some confusion had arisen, but I agreed with the adjudicator that Mr H should have been aware of the need to maintain his monthly payments. I did not think it was reasonable to expect the business to refund any charges other than those it has refunded. I saw nothing to explain why Mr H delayed contacting the business until June 2014.

As the business had not been able to identify the reason for the confusion over his address and because it had caused him some inconvenience I agreed that the additional £50 compensation proposed by the adjudicator was reasonable and I noted the bank had agreed with that recommendation.

The remaining issue in dispute was whether Mr H received proper notification of the increase in interest rates. The account was handled by another business at the time and the only information we have is the screen shot and a template letter. I did not expect the business to have retained a copy of the actual letter issued and I regarded the template as satisfactory.

There was nothing to suggest Mr H had problems with delivery of post at that time and there was nothing to indicate the bank was using an incorrect address. I considered the screen shot made it sufficiently clear that the bank decided to increase the interest rate. As part of its normal processes in such situations it would issue a notification giving the customer due warning. I saw nothing to suggest that the bank did not follow its normal processes. I noted that Mr H did not recall receiving the notice and while I had no reason to doubt his recollection I considered it more likely than not that the notice was issued. For that reason I did not consider the bank should refund the interest as proposed by the adjudicator.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

The business accepted my provisional decision. Mr H said he had an annual statement for that time which did not mention an increase in the rate. He also said he believed he had a lifetime rate so he considered an increase unlikely.

I have reviewed the agreement entered into by Mr H and note that it allows the business to “...*change your interest rates and charges...*” I can only conclude that the business was entitled to change the rate of interest charged subject to it giving 30 days’ notice and he did not have a lifetime rate. While Mr H’s statement may not contain a reference to a change of rate I am satisfied that the business issued him with notice of the change and then effected the new rate. I consider that it did so in accordance with the terms and conditions of the agreement and therefore I cannot conclude it has made an error in this issue.

my final decision

My final decision is that I uphold this complaint in part and direct NewDay Ltd to refund to Mr H the trace fee of £25 and pay him compensation of £50. Under the rules of the Financial Ombudsman Service, I am required to ask Mr H to accept or reject my decision before 1 May 2015.

Ivor Graham
ombudsman