

complaint

Ms J complains that the rate of interest applied to her Marbles credit card by NewDay Ltd is excessive. She would like it to reduce the rate of interest applied and offer a reduced settlement figure.

background

Ms J had a credit card for a number of years, and the interest rate has increased. The account is now closed and has been sold to collection agents.

Following Ms J's complaint to this service, the adjudicator recommended that the complaint should be upheld. He considered NewDay had last sent notification of its intention to increase the interest rate on Ms J's account on 27 December 2007 - when it informed her the APR would increase to 27.9% from the next statement date. But since then there was no evidence it had given Ms J notification of the increases in the rate of interest applied or her option to opt out of them.

The adjudicator found NewDay had delayed in sending information to this service and was not proactive or cooperative in resolving the issue. So he considered that it had caused considerable delay, distress and inconvenience to Ms J. The adjudicator recommended NewDay adjust Ms J's account in respect of the additional interest charged over and above the APR of 27.9% and pay £350 for the distress and inconvenience caused directly to Ms J.

NewDay agrees with the adjudicator's recommendation and says it will refund £5,610.28 back to Ms J's account, inform the collections agency of the new balance and pay Ms J £350 compensation.

Ms J has asked for her complaint to be considered by an ombudsman. She says she is amazed accounts can be transferred and the law allows her to request a copy of the credit agreement which she signed as this will illustrate the amount of interest she could have anticipated would have been charged.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. Having done so, I come to the same conclusion as the adjudicator for the same reasons.

Ms J has requested a copy of her credit agreement under Section 78 of the Consumer Credit Act 1974. NewDay has told this service it is unable to provide it. I understand how frustrating this must be for Ms J, but as explained by the adjudicator, NewDay can still seek repayment of the debt, default the account or sell the debt. As it is not disputed Ms J incurred the borrowing on the credit card, I do not find it would be fair or reasonable for me to require NewDay to write it off now.

Yet, whilst the notes provided by NewDay indicate Ms J was sent information about increases in the interest rates applied to her account up to December 2007, there is nothing to suggest she was given any further information about later increases applied to her account and consequently not given the opportunity to opt out of them. And I find like the adjudicator NewDay did delay in handling Ms J's complaint and this will have caused her distress.

Because of this NewDay has agreed with the adjudicator's recommendation as set out below which I find is fair and reasonable. And whilst I understand my decision will come as a disappointment to Ms J, I am not persuaded it should be required to do more.

my final decision

My final decision is that I require NewDay Ltd to

1. Adjust Ms J's account so that it reflects an APR of no more than 27.9%;
2. repay any charges incurred when the APR was increased above 27.9%; and
3. pay £350 for the distress and inconvenience caused directly to Ms J.

Naseem Malik
ombudsman