

## complaint

Ms F complains that NewDay Ltd reduced her credit card limit without giving her advance notice, failed to explain why it had done that and didn't return cash-back she'd earned when she closed her account as a result of its actions.

## background

Ms F had an Aqua credit card, issued by NewDay, with a credit limit of £2,000. At the end of October 2018 NewDay sent her a letter telling her that her credit limit had been reduced to £1,500, with immediate effect. When she complained, NewDay refused to reinstate the £2,000 limit, so she referred the matter to this service.

One of our adjudicators considered what Ms F had said, but didn't agree that NewDay had done anything wrong. In summary, he said:

- The card terms allowed NewDay to change the credit limit. Whilst increases required advance notice, decreases in the credit limit didn't.
- The reason for the reduction was that Ms F didn't use very much of the credit limit. Her balance was generally well below the £2,000 limit she'd had.
- NewDay's explanation that the decision to reduce the credit limit was made because of Ms F's usage of the card was adequate.
- The account had been credited with amounts equal to the cashback Ms F had earned.

Ms F didn't agree with the adjudicator's conclusions, and so her case has been passed to me to review – as the final stage in our consideration of it.

## 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, however, I've reached the same conclusions as the adjudicator did, and for broadly the same reasons.

We won't generally interfere with a financial business's legitimate exercise of its commercial discretion. Put another way, it was for NewDay, not me, to decide how much credit to allow Ms F – as long as it did so for legitimate reasons. And I believe what NewDay did here was legitimate; it didn't, for example, discriminate unfairly against Ms F or reach its decision on the basis of an incorrect understanding of the facts.

That said, I do think NewDay could have been a little clearer in its explanation. Had it said to Ms F that her use of the card didn't suggest she needed a £2,000 credit limit, she might have been more willing to accept the position. Simply saying that the change was because of "utilisation" or "usage" was less helpful.

I can understand that Ms F's frustration that she wasn't given advance notice of the reduction, and her concern about the consequences had she used the card beyond the new limit. But I need to make my decision on the basis of what actually happened, not what might have happened. As the adjudicator explained, the card terms didn't require advance notice of a credit limit *reduction*, although an *increase* did require 30 days' notice. I would add only

that this is in line with regulatory requirements, which distinguish between increases and decreases in the same way as the account terms.

Turning lastly to the cash back issue, NewDay has credited the account with the full amount due. It referred to this as a loyalty award and a gesture of goodwill. But, however it designated those payments, I'm satisfied that it has paid Ms F what she's owed and that, overall, it's treated her fairly.

**my final decision**

My final decision is that I don't require NewDay Ltd to do any more to resolve this complaint. Under the rules of the Financial Ombudsman Service, I'm required to ask Ms F to accept or reject my decision before 21 July 2019.

Michael Ingram  
**ombudsman**