

## **complaint**

Mr H complains that NewDay Ltd (trading as Aqua) increased the limit on his credit card without properly assessing whether he could afford the additional lending.

## **background**

Mr H opened an Aqua credit card account in August 2013, and had a limit of £250. Aqua increased this to £400 in July 2014. The limit was increased again to £800 in March 2016, and to £1600 in August 2016.

Mr H went over the limits after they were increased, and incurred interest and charges on the account. Mr H said he was experiencing financial difficulty when the credit limit was increased, and that Aqua's actions had made the situation worse.

Our adjudicator recommended the complaint should be upheld. He concluded that Mr H's account management before the first credit limit increase showed he was struggling to manage his finances. Once the increases had taken place, the investigator thought the charges applied to his account showed he was having trouble managing his account.

Overall, the adjudicator thought that if Aqua had properly considered Mr H's circumstances, it probably wouldn't have concluded that it was appropriate to increase his credit limit.

The adjudicator said Aqua should refund the interest and charges applied to Mr H's account, and use the refund to reduce the balance. He also said Aqua should remove the negative entries on Mr H's credit file relating to the increases.

Aqua agreed with the adjudicator's conclusions. It agreed to refund interest and charges, which left a balance of £167.17 on the account. Aqua said it would also amend Mr H's credit file.

Mr H wanted to understand how Aqua had worked out the refund. He wasn't convinced that its figures were accurate. He also considered Aqua should compensate him for its poor service when he told it he was experiencing financial difficulty. Mr H also mentioned that Aqua's actions meant he'd had to take out additional borrowing, which had disadvantaged him. He asked for an ombudsman to review the complaint.

## **my findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Aqua has accepted that it shouldn't have increased Mr H's credit limit. So it's agreed to refund the interest and charges applied to his account from July 2014. I haven't seen anything to suggest that the refund amount it's calculated is incorrect.

Mr H says he had to take out a number of payday loans to keep on top of his credit card repayments. He's provided some evidence of the loans he took out. But from what I've seen, I haven't been able to safely conclude that Mr H had to take out the loans because of the increases Aqua made to his credit limit.

Mr H also says Aqua didn't do enough to help him when he told it he was experiencing financial difficulty. But I haven't seen anything to suggest that Mr H told Aqua about his circumstances when the credit limit was increased.

From what I've seen, it seems Mr H didn't tell Aqua about the financial difficulty he was experiencing until December 2017 – some time after the credit limit had been increased.

Once Aqua became aware of the situation we would expect it to treat Mr H positively and sympathetically. This might include refunding interest and charges applied to the account. As Aqua has already agreed to do this, I'm not persuaded it needs to do anything else.

### **my final decision**

My decision is that NewDay Ltd (trading as Aqua) should:

1. Refund interest and charges applied to Mr H's account since the first credit limit increase was made in July 2014. The refund should be used to reduce the balance on Mr H's account.
2. Remove any negative information recorded on Mr H's credit file as a result of the credit limit increases.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 17 August 2019.

Caroline Stirling  
**ombudsman**