

complaint

Mr Y complains that NewDay Ltd applied interest and charges to his credit card account when it said it wouldn't.

background

In September 2016 Mr Y called NewDay to say he wanted to pay off his balance. He says he was told the account would be closed, no interest and charges would be applied, and he could pay it off at £50 each month. But NewDay kept on applying interest and charges.

One of our investigators looked into the matter. He thought NewDay should've explained things better to Mr Y, so he thought the complaint should be upheld.

NewDay didn't think the late payment charges should be refunded, because Mr Y hadn't made some payments. And it thought as Mr Y now knew interest and charges would be applied, it should be able to apply them going forward. But it did agree to refund the interest and overlimit charges which had been applied from October 2016 to February 2017. Our investigator thought this was fair, and Mr Y accepted it in resolution of his complaint.

NewDay refunded the interest and overlimit charges in March 2017. But Mr Y didn't think it'd done it right. Our investigator thought it had, but Mr Y remained of the opinion that it hadn't – although he didn't say why. As an agreement couldn't be reached, the complaint has been passed to me.

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, I agree with our investigator.

Mr Y may have closed his account to new spending. But he still had an outstanding balance. With an outstanding balance interest is payable. And if someone doesn't make their minimum payment, or is over their credit limit, charges can be applied.

It seems this wasn't explained to Mr Y as it should've been. To make up for this NewDay agreed to refund some interest and overlimit charges. I think this was a fair way to resolve the complaint.

Mr Y doesn't think NewDay refunded him in line with what was agreed. But he hasn't told us why. So I've looked at his statements. It seems to me that all the interest and overlimit charges applied between October 2016 and February 2017 were refunded. And that a late payment charge was refunded too. So I think NewDay did what it said it would.

I'm aware that Mr Y has some other issues with his NewDay account – such as difficulties with payments and what's showing on his credit file. But these are being considered separately, so I won't comment on them here.

my final decision

My final decision is that NewDay Ltd's offer to refund interest and overlimit charges applied to Mr Y's account between October 2016 and February 2017 was fair, and that it has carried out the refund correctly.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr Y to accept or reject my decision before 25 August 2017.

James Langford
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