

## **complaint**

Miss M complains about interest rate increases on her credit card account with NewDay Ltd.

## **background**

Miss M has a credit card account with NewDay which she took out in 2014. On three occasions, NewDay increased the interest rate they apply to balances on that account.

Miss M thinks this is unfair. When she complained to NewDay, she says they told her the increases were due to information on her credit reference file. She thinks they unfairly relied on one entry on her credit reference file and didn't take into account other more positive information.

NewDay didn't uphold Miss M's complaint to them so she brought her complaint to us. Our investigator looked into it and thought NewDay had done nothing wrong.

Miss M disagreed and asked for a final decision from an ombudsman.

## **my findings**

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

I should say first of all that businesses are entitled to make commercial decisions to set – and change – interest rates. It's not for us to interfere in that. Our concern, when interest rates are changed, is that customers are treated fairly and reasonably.

The terms and conditions Miss M agreed to when she took out the account say that NewDay can change the interest rate (condition 3.8).

They also say that if they do so, they'll give 60 days' notice. And give the customer the option to close their account and repay the balance at the existing interest rate.

On the three occasions that NewDay decided to increase the interest rate applied to Miss M's account, they wrote to her to inform her, giving the appropriate notice.

I've seen copies of those letters. Each of them makes it very clear that Miss M has an option to close her account and repay the balance at the existing rate over a reasonable period of time. And on each occasion, NewDay give Miss M more than two months to inform them if she wishes to close her account.

Miss M says she didn't receive any of these three letters. They were sent to the same address she's given us. I'm aware that letters do sometimes go astray in the post, but I can't hold NewDay responsible for that.

Newday also say they sent texts to Miss M to inform her about the increased interest rates. Miss M says she didn't receive them.

I've also seen copies of monthly account statements sent to Miss M. These include reference to the interest rate. Even if Miss M hadn't received any of the letters advising her

about the increases, she would have picked up from her statements that the rate had changed.

And given that on each occasion she had more than two months to tell NewDay she wanted to close the account, she would have picked up the increase in sufficient time to query it - and then close her account if she wished.

Based on the evidence we have, I'm satisfied NewDay did all they could reasonably be expected to do to inform Miss M of the increases in her interest rate.

I'm satisfied on balance, it's most likely Miss M chose to continue to use her account after she became aware of the interest rate changes, rather than close it and pay off her balance at the previous interest rate.

Given that NewDay took reasonable steps to inform Miss M about the increases – and gave her the option to pay off her balance at the existing interest rate – I can't see that they've acted unfairly or unreasonably in the way they've handled her account.

### **my final decision**

For the reasons set out above, I don't uphold Miss M's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 25 February 2019.

Neil Marshall  
**ombudsman**