

## **complaint**

Mr C complains that NewDay Ltd was irresponsible in increasing his limit on his credit card. He feels that this has played a part in the financial difficulties he's been experiencing.

## **background**

Mr C took out a credit card provided by NewDay in March 2017. His credit limit was £300.

NewDay wrote to Mr C a few months later to say that it had looked at how he'd managed his credit card and said it would increase his credit limit to £1,300. This would increase automatically after 40 days, or Mr C could call NewDay to start it straight away or let it know that he didn't want the increase.

Mr C chose not to contact NewDay and his higher limit was automatically applied to his account in July 2017.

In 2019, Mr C complained. He felt that he'd started off with a low and manageable credit limit but said the sudden jump in his credit limit had meant that his debts had become difficult to manage. Mr C said he thought NewDay should've realised that he was struggling as he'd been up to the original limit of his account. He'd taken out a loan to repay a large part of the balance in June 2018, and thinks NewDay should've contacted him to see if he wanted to lower his limit then, as this would've stopped him from getting into further debt. He asked for NewDay's help by writing off some of his balance.

NewDay said it had offered Mr C a credit limit increase in line with its policy and suggested ways that he could monitor his balance and repay it. As a gesture of goodwill, it removed £40.51 in interest from Mr C's account.

One of our investigators looked at the complaint but didn't think it should be upheld. He said that NewDay had reviewed Mr C's account and had looked at information from credit reference agencies to decide on a suitable level of borrowing it could offer him. He said NewDay had also given Mr C the option not to accept this increase. The investigator didn't think NewDay should be required to refund any charges to Mr C, or amend the record on his credit file.

Mr C didn't accept the investigator's findings and asked for his complaint to be reviewed.

## **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'm sorry to hear about the situation Mr C has found himself in. I can appreciate that this will have been a difficult time, and that his financial circumstances will no doubt have added to the worry he was feeling.

I think it's fair to say that the increase in his credit limit was a significant one for him, particularly as it was offered a few months after he'd taken out the credit card with an agreed limit that he felt was manageable.

NewDay has told us that this limit was offered after a full review of Mr C's account and how he was managing his credit commitments to make sure it offers lending appropriately. And after doing this, it made the decision to offer Mr C the increase to his credit limit but he could let it know if he didn't want it if he felt it wasn't going to be manageable.

So although I can understand why Mr C may feel that NewDay should've done more when he paid off most of his balance but then built it back up again, I don't think it acted irresponsibly in offering him the increased limit after reviewing his management of the account. Mr C had the option not to accept it at the time it was offered, and he could also have asked NewDay to reduce his credit limit at any point if he felt this would help him to budget and manage his finances in a way he felt more in control of.

NewDay has refunded £40.51 in interest and has suggested ways that Mr C may look to manage the repayment of his balance. And I understand that Mr C has been able to make regular repayments towards it, often paying more than the minimum required amount.

Overall, I don't think NewDay should be required to refund any further interest when this has been applied to his balance in accordance with the terms and conditions of the account. NewDay has an obligation to report accurate and up-to date information to credit reference agencies, and I think that's what it's done here. I can only suggest that Mr C contacts NewDay directly if he feels he's experiencing financial hardship.

### **my final decision**

My decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 24 October 2019.

Cathy Bovan  
**ombudsman**