

## **complaint**

Miss D complains about a NewDay Ltd credit card which she says was mis-sold to her.

## **background**

In August 2018 Miss D went to a third party store where she was sold a NewDay credit card. She makes two complaints about this card. Firstly, she says it was mis-sold because the salesperson told her it was a loyalty card, and Miss D didn't realise she was being sold a credit card or any other kind of credit. Secondly, she says she was promised a credit limit of £1,200, but when the card arrived it only had a credit limit of £500.

Miss D complained to the store, which apologised and asked NewDay to close the account under her right to withdraw. Miss D was not satisfied with that response, and so she brought this complaint to our Service. Our adjudicator referred the complaint to NewDay, which closed the account, removed the relevant searches from Miss D's credit file, and offered her £20 as a gesture of goodwill. Miss D did not accept that offer, saying that it did not reflect the amount of time she had spent on the phone. She asked the adjudicator to investigate.

Our adjudicator did not uphold this complaint. He said that the credit agreement Miss D had signed had been quite clear that it was a credit agreement. He also pointed out that as Miss D had been expecting to receive a credit limit of £1,200, then she must have realised she was applying for credit. So he didn't think the card had been mis-sold. He said NewDay had been entitled to set a lower credit limit. There had been no financial loss to Miss D as she had not incurred any interest while she had the card. He didn't think that NewDay should have to do anything more.

Miss D said she hadn't read the credit agreement and it hadn't been clearly explained to her. In particular, she had not been told that the credit limit might be lower than £1,200. She said that as a result of the credit search being recorded on her credit file, her application for another credit card elsewhere (with a better interest rate) had been declined. She asked for an ombudsman's decision.

## **my findings**

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. I do not uphold it.

I do not accept that Miss D did not understand that she was applying for credit. Part of this very complaint is that she was expecting to receive a certain credit limit and she didn't get it. So the two elements of this complaint completely contradict each other. That fatally undermines her complaint that she didn't know she was getting a credit card.

The credit agreement makes it clear that the credit limit can change from time to time, and that the original limit will be notified to the customer when they receive the card. (The figure of £1,200 is only used for illustrative purposes, to explain how much the customer would have to repay.) Miss D didn't read the agreement, but she could have asked to read it. Whether she read it or not, it would have been irresponsible of NewDay to offer her any particular credit limit without first checking that she could afford to repay it. Lenders are required by regulations to carry out affordability checks. So the credit limit could never have been finally set until after NewDay had done that, which it did when it searched her credit file. I therefore find that NewDay was entitled to set a credit limit of £500.

It follows from what I have said above that it is not NewDay's fault if Miss D missed out on getting another credit card from someone else, or if her credit file has been affected by what happened (she says that although the search has been removed, her credit score has still not fully recovered). NewDay's offer of £20 is more than I would have told it to do. I will leave it to Miss D to decide whether she now wants to accept it.

**my final decision**

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss D to accept or reject my decision before 30 April 2019.

Richard Wood  
**ombudsman**