

complaint

Mr S is unhappy that NewDay Ltd has started charging interest on his store card account after it agreed to freeze it indefinitely until his debt was paid off.

background

Mr S says NewDay agreed to block his account and indefinitely freeze interest payable on it. But despite him making the minimum monthly payments as agreed, it's started charging interest again. He says he's been bullied, humiliated and emotionally hurt by the way he's been treated and has suffered distress. He wants NewDay to abide by the agreement, stop charging interest and to apologise.

Our investigator felt this complaint shouldn't be upheld as NewDay has treated Mr S fairly. She said:

- Mr S accepted a credit card and agreed to its terms and conditions. These included NewDay charging interest on what was borrowed.
- When Mr S contacted it to say he was experiencing financial difficulties NewDay agreed to freeze the interest on the account. Mr S says he thought this would be permanent so long as he paid the minimum payments and he denies he was told this was temporary. But NewDay has provided a letter it sent dated 5 February 2016 in which it confirmed the freeze would be in place for three months. It also confirmed the account should've been reviewed six months later. As this didn't happen the interest on Mr S' account has actually remained frozen for two years which benefits him.
- In 2018 NewDay reviewed matters and as Mr S' financial difficulties were continuing and he said nothing had changed, NewDay asked him to complete an income and expenditure form. And it said if this showed continuing financial difficulties Mr S could enter into a payment arrangement. This offer still stands and NewDay has explained this would be recorded on Mr S' credit file and may affect his credit score. Mr S isn't happy with his credit score being affected and says he prefers to continue making the minimum payments.
- NewDay also apologised for some incorrect information given to Mr S at the time of the February 2016 letter.
- Mr S also says he was obliged to disclose some very personal and distressing information to NewDay on the phone. But at the time it was asking him about completing an income and expenditure form which wasn't unreasonable. Mr S chose to disclose the personal family information when NewDay was asking about his financial situation and standing. NewDay hasn't done anything wrong.

Mr S doesn't agree and has asked for an ombudsman review. In summary he says NewDay never said the interest freeze was temporary. It said it would freeze the interest so long as he made the minimum payments which he's done. Cancelling the agreement adjusted the terms and conditions rendering them null and void. It only charged interest again as he wouldn't tell it personal information about his family. He never received the 5 February 2016 letter. NewDay should've notified him of any change in the terms and conditions in advance. He's now borrowed money elsewhere to pay off the debt.

my findings

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

Mr S told NewDay in 2016 that he was experiencing financial difficulties and it says he asked for a three month arrangement freezing interest and ensuring he didn't receive any additional charges. NewDay agreed and confirmed this in a letter of 5 February 2016.

Mr S says he didn't receive this letter. That's unfortunate but I can't hold NewDay responsible for that. The letter says the interest freeze was available for three months and he should contact NewDay if he wanted an extension. It also said that as Mr S was maintaining his normal monthly payments his credit rating wouldn't be adversely affected. NewDay also apologised for some incorrect information Mr S had been given and said it was crediting £20 to his account for that.

Because NewDay didn't review Mr S' account when it says it should've done this interest freeze actually continued to his benefit for a two year period.

NewDay eventually reviewed the account in 2018 and when Mr S said he was still in financial difficulty NewDay asked for income and expenditure information. And it said if his problems were continuing he could enter into a payment arrangement. But as Mr S didn't want that to affect his credit score he declined this offer and decided to continue making his minimum payments.

NewDay has an obligation to treat Mr S with forbearance, positively and sympathetically when he has been experiencing financial difficulties. And I think it has done so throughout in this case.

Contrary to what Mr S has suggested I think NewDay made clear the interest freeze was temporary and, when it reviewed matters, it reasonably asked him for information about his financial situation. I also don't think NewDay bullied him into revealing distressing personal family information as Mr S suggests. It appears in the relevant conversation on the phone NewDay was reasonably asking about Mr S' financial and other relevant circumstances when he became upset and chose to speak about other obviously distressing family matters.

Mr S has also recently suggested he should've been given advance notice about the change to his terms and conditions or that they were in fact null and void or that NewDay reverted to the old terms when he wouldn't talk about family circumstances. But I've seen nothing to show the terms and conditions of the account are null and void or that they've been changed to allow the three month interest freeze without Mr S' knowledge or consent.

Although I recognise Mr S has experienced continued and ongoing personal and financial problems I don't think NewDay has treated him unfairly or inappropriately.

Consequently although I recognise Mr S' frustration and strength of feeling I don't think NewDay has done anything wrong. And I don't see any reason to change the proposed outcome in this case.

my final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 8 April 2019.

Stephen Cooper
ombudsman