

complaint

Mr L complains about NewDay Cards Ltd about charges applied to his credit card and the customer service he has received in respect of these.

background

Mr L has held a credit card with the business for some time.

In mid February 2017 Mr L made a purchase which took him up to his credit limit. A few days later his statement was generated and interest was added to his account. This took him over his credit limit.

Mr L contacted the business at the beginning of March 2017 and spoke to an agent where it was explained how he had exceeded his credit limit. During this call Mr L set out that that he thought the payment date had changed and that the current payment date was inconvenient to him.

The agent explained to him that the payment date had been broadly the same for approximately a year.

Mr L explained that it caused him difficulties and that he wanted to change the due date. The agent advised that the payment date could be changed once Mr L had brought the account within its limits and told Mr L that he needed to cancel his direct debit, although it would still try to take for this month.

The agent advised Mr L to make the required payment by 22 March 2017, and explained that a further interest payment would be added to the account later that month. The agent set out that as a goodwill gesture the business would refund the fees incurred that month if Mr L made the required payment.

Mr L made a payment in early March 2017, but this did not include the interest due for March 2017.

On 21 March 2017 the business's collections department called Mr L, requesting payment of his arrears. During that call Mr L expressed his understanding that the payment date had been changed and that he had paid the required amount. Mr L lodged a complaint at this time.

On 22 March 2017 the business generated a letter to Mr L saying that it had resolved his complaint.

Mr L contacted the business again and lodged a further complaint. The business responded to this in early April 2017, not upholding his complaint.

Mr L was not happy at this and contacted us to look at the issue.

One of our investigators has looked at this matter and set out her view to the parties. This was that the business had caused confusion by chasing up a further payment before the date for Mr L's agreed payment had been reached, and then by sending a letter saying that the complaint had been resolved. The adjudicator considered that the business should pay

Mr L compensation for this confusion and should waive any charges incurred as a result of the confusion.

The business did not accept this recommendation and asked for an ombudsman to make a decision on the complaint.

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 have, in particular, looked at the terms and conditions of the account and have listened to the recordings of Mr L's calls with the business.

Firstly, I understand that Mr L thinks that the business should have contacted him sooner to let him know that his account had gone over his limit. He states that the business took seven weeks to alert him to this. I do not agree that the business was responsible for alerting Mr L that he had exceeded his limit. The terms of the credit card agreement are clear that interest will be added to accounts when a statement is generated, and it is the responsibility of the customer to ensure that the account stays within the relevant limits. As a result I do not think the business did anything wrong in respect of this aspect of Mr L's complaint. It is also clear that Mr L was aware that his account was over its limit when he spoke to the agent in early March, approximately three weeks after he initially exceeded the limit.

I understand that Mr L wanted his payment date to be moved because this would help him to make payments. It appears that he believed that the business had agreed to move the payment date, because he made a partial payment after he spoke to the agent in early March, and then repeated his understanding to the agent in later March. I do not, however, think that there is evidence that the business had agreed to move the payment date. Having listened to the early March call, the agent Mr L spoke to was clear when he explained that the payment date could not be changed until Mr L brought the account back within its limits. Mr L appeared to understand this at the time.

Mr L is also unhappy about the fees and charges which have been applied to his account because he thought he was doing what was required to bring the account back into line. Bearing in mind the terms that Mr L agreed to, I think the business was entitled to add charges to the account up until Mr L's call in early March. However, after the business indicated that as a goodwill gesture it would waive the month's fees if Mr L brought his account back in line by a particular date, I think it was bound by that offer.

I think that the business then confused matters by contacting Mr L before 22 March, to request additional payments. This caused Mr L to misunderstand what was required of him and to make his complaint to get clarification.

It is unfortunate that the business' initial response to Mr L's complaint was sent in error, and said that the matter had been resolved when no clarification had actually been provided. I understand that this letter was generated due to a mistake, but think it would have added to the confusion Mr L felt.

As a result, I think that the business caused Mr L to be confused when it contacted him on 21 March 2017 and that this disrupted the agreement which had been reached on 4 March 2017. I think that when the business then sent a letter closing the complaint, without having taken any action, this left Mr L feeling that he needed to contact the ombudsman service. I

feel that the cumulative effect of these confusing actions caused him some distress and inconvenience.

I also think that the business should honour its initial offer to waive the fees on the account, provided that Mr L makes a payment to bring the account within its limits within a reasonable time.

my final decision

I therefore uphold Mr L's complaint and direct that NewDay Cards Ltd take the following action to resolve the complaint:

- within 14 days, to set out clearly to Mr L the minimum payment required to bring the account within his limit;
- The business should then allow a further 14 days for Mr L to make this minimum payment;
- If Mr L makes the required payment within this period, the business must waive all fees and charges applied between 20 February 2017 and the payment date; and
- The business must also pay the sum of £100 compensation to Mr L for distress and inconvenience. This may be offset against his outstanding credit balance.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 18 September 2017.

Laura Garvin-Smith
ombudsman