

complaint

Mr B complains that NewDay Ltd (trading as Aqua) reduced the credit limit on his credit card and told him he had asked for the reduction.

background

Mr B says he received a text message from Aqua in January 2019 telling him the credit limit on his credit card was being reduced. He says he called Aqua and it told him it had been reduced because he asked for the reduction. Mr B says that was not correct and Aqua some days later accepted it made a mistake and paid him £20 compensation. He says Aqua unfairly refused to increase the credit limit to the previous amount and he's now over the credit limit as a result.

Aqua accepts it made a mistake by giving Mr B incorrect information but it says it made the correct decision to reduce Mr B's credit limit. It says it acted in line with the account terms and conditions and allowed Mr B an opportunity to bring the credit limit below the new level.

Mr B brought his complaint to us and our investigator thought both sides could have done more. The investigator thought Aqua should have given Mr B notice of the reduction but that it had tried to help Mr B after the reduction had been made. The investigator thought Mr B should have continued to make payments and spoken to Aqua about the debt.

The investigator recommended Aqua pay £50 compensation for the failure to communicate the change to Mr B.

Aqua says it doesn't notify its customers of this type of change as it could provide an incentive to spend and so it doesn't think it should pay further compensation.

Mr B doesn't think the compensation recommended by the investigator goes far enough and says he has called Aqua about three times since the reduction.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Having done so I've come to similar overall conclusions as the investigator but for slightly different reasons which I will explain.

I've looked at the terms and conditions of the account which I think Mr B would have agreed to when the account was opened. And I can see that those terms and conditions allow Aqua to, as in this case, reduce the credit limit of Mr B's account. So I'm satisfied Aqua is entitled to reduce that limit and hasn't made a mistake by doing so. I also accept that in line with the account terms and conditions Aqua isn't required to provide notice of that reduction and so I don't think it made a mistake or acted unfairly by not providing Mr B with notice of that change.

I accept that as a result of the credit reduction Mr B was over the credit limit. In those circumstances I would not have concluded that it would have been fair for Aqua to charge an over limit fee. But I can see that it didn't charge that fee and allowed Mr B a significant period of time to bring the account below the new credit limit. I can see that Mr B hasn't made any payments for some time and so has been charged a number of account fees. In those circumstances I hope Mr B will speak to Aqua about the amount he owes as I'm satisfied

that he still needed to make minimum account payments regardless of the outcome of this complaint.

There is no dispute here that Aqua made a mistake by telling Mr B that he had asked for the credit limit reduction when he hadn't. I can see that Aqua has apologised for that. But I don't think the compensation offer goes far enough. I have no doubt Mr B was caused frustration by being told something that wasn't correct and that he would have been caused inconvenience in trying to explain that to Aqua. So I've come to the overall view that Aqua should increase the compensation to £50 in total which I think fairly reflects the level of its mistake and the impact it had on Mr B.

my final decision

My final decision is that I uphold this complaint in part. I order NewDay Ltd (trading as Aqua) to pay further compensation to Mr B of £30 making a total of £50.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 27 September 2019.

David Singh
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