

complaint

Mr H thinks that NewDay Ltd should have provided him with more help than it did when he told it that he was having financial difficulties and struggling to meet the monthly payments on his credit card.

background

Mr H has had a credit card with NewDay since 2008. He says that he told NewDay that he was having difficulty in repaying the amount he owed but all it did was to stop him using the account, leaving it open for repayments only. It continued to charge him interest and Mr H wants NewDay to repay all the interest and charges he's paid from the time he told it about his financial troubles. He says that he hasn't been able to use the account so he shouldn't have to pay any interest.

The adjudicator didn't think this complaint should be upheld. She said that Mr H closed his account in 2011 but she couldn't see that he had told NewDay that he was experiencing financial difficulties. She felt that the interest and fees it had charged were fair.

Mr H responded to say, in summary, that NewDay had told him that it hadn't applied charges to his account but clearly it had.

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 H says that he told NewDay he was having financial problems and he doesn't think it should have continued to charge him interest and charges, particularly as his credit card account was closed in 2011. In situations of financial difficulty, banks are required to treat their customers positively and sympathetically, but this only arises when a business becomes aware of the situation. This doesn't necessarily mean that a bank must refund charges or freeze interest. It is entitled to make enquiries to check on the situation before making a decision.

NewDay says that Mr H asked it to close his account in 2011, leaving it open to receive payments only. It has no record at all of him telling it that he was experiencing difficulties. But I find that NewDay has sent a number of letters since 2011 asking Mr H to contact it if he was struggling financially. If he had done so, I consider NewDay would have asked him to complete an income and expenditure form, so that it could assess the best way to help. But Mr H hasn't provided this information so, on balance, I'm not persuaded that he contacted NewDay about this. In the circumstances, I consider NewDay has applied the late fees, returned item charges and interest in accordance with the account terms and there are no grounds for me to ask them to be refunded.

Mr H has also said that NewDay failed to deal with his complaint about charges properly and I appreciate his strength of feeling about this. I accept that NewDay told him that he had only been charged one unpaid item fee since the account was closed in 2011. But this wasn't right. Mr H's account had been debited with a total of £240 of late fees and unpaid item charges. I consider Mr H should have been aware that charges had been made because NewDay sent him a letter each time he missed payments telling him it was applying a

charge. These fees were also clearly marked on his monthly statements and also in the annual statement he was sent.

NewDay has accepted that it made a mistake and gave wrong information when dealing with Mr H's complaint. It has already refunded one £12 fee and has now offered to pay £10 for the inconvenience it caused, but I'm not convinced this is enough. I've thought about the scale and impact this may have had on Mr H and, given that he bought a further complaint and had to raise this matter again, I find £25 is fair.

my final decision

My final decision is that I uphold this complaint in part. I require NewDay Ltd to pay (not credit) Mr H £25.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 18 July 2016.

Karen Wharton
ombudsman