

complaint

Miss J complains about bad advice she was given by NewDay Ltd which has affected her credit reference report. She also isn't happy with the customer service she received and thinks the interest rate NewDay charged on its credit card was too high.

background

Miss J asked one of NewDay's advisers how she could get a credit card with a better interest rate than the one she had with NewDay. The adviser told her to apply online for a new card. Miss J did, but her application was declined. It was declined because NewDay don't allow its customers to have more than one active NewDay credit card. A credit search was carried out as part of Miss J application and appeared on her credit report. Miss J thinks that this affects her credit rating and isn't happy with the customer service she received. She also says that she thinks she was paying too high an interest rate on her NewDay credit card.

NewDay accepted that it had given Miss J bad advice. It offered to pay her £25 for this and later increased this to a total of £75 for the bad advice and the poor level of customer service she received.

The adjudicator thought that NewDay's offer of compensation was fair and, that by asking the credit reference agencies to remove the record of the search, it had treated Miss J fairly and reasonable. The adjudicator thought that NewDay was entitled to decide the interest rates charged on its credit cards.

Miss J disagreed and wants an ombudsman to consider her 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. Having done so, while I know it will likely disappoint Miss J, I have come to the same conclusions as the adjudicator.

NewDay has accepted that it gave Miss J bad advice when it told her to apply for a new credit card. NewDay's rules meant that Miss J's application could never be successful. I have seen Miss J's credit report and there is a record of a search because of the unsuccessful application. But I have also seen records of when NewDay has tried to get the credit reference agencies to remove the entry caused by the unsuccessful application. It has asked the credit reference agencies to do this twice. For some reasons the search still appears on the most recent credit report I have seen for Miss J but I don't think that NewDay can do anything more to get the record of the search removed. It might make Miss J feel a bit better that she still has a good credit score, despite the record of the search still being on her credit report.

I agree that NewDay could've given Miss J better service during this time but I think that it has recognised this by offering increased compensation. The amount of compensation may not be very high but it is in keeping with awards I would recommend in similar situations.

The adjudicator has already explained that businesses can decide the interest rate they apply to credit cards. This is part of the normal business relationship between businesses and its customers, so I can't say that NewDay has treated Miss J unfairly when it set the interest rate.

my final decision

My decision is that I don't uphold Miss J's complaint, in the sense that I think that the £75 NewDay Ltd has offered Miss J in settlement of her complaint is fair and reasonable.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss J to accept or reject my decision before 28 October 2016.

Michael Ranaghan
ombudsman