

complaint

Mr M complains NewDay Ltd was irresponsible in allowing him to open a credit card in 2010 and to increase his credit limit on 4 occasions since then. He says he's now unable to keep up his payments and he'd like the balance written off and the adverse credit data removed.

background

Mr M took out a credit card with NewDay in May 2010 with a credit limit of £750. In May 2014 NewDay offered to increase the credit limit to £1,500. And it then offered Mr M three further increases between November 2014 and July 2016 taking the limit to £4,900. But in November 2016 Mr M had financial difficulties and wasn't able to keep up repayments. He says NewDay was irresponsible to offer him the increases and feels it's been irresponsible. And he says he's unwell so he's not in a position to set up a repayment plan to pay off the amount outstanding. He'd like NewDay to write it off and remove the adverse information on his credit file.

But NewDay said it had accepted Mr M's application in 2010 based on a number of factors including external information about his credit. It didn't agree its decision was unreasonable. It says as a responsible lender it regularly reviews accounts and does checks with credit reference agencies to ensure any lending is appropriate. It had written to Mr M to offer the increases but the letters had explained Mr M was free to refuse and also to ask it not to offer any further increases. He hadn't done so. It didn't agree it had acted irresponsibly or that it needed to do anything more. But it said it had taken Mr M's health into account and had given a temporary stay on any further action, including any fees, charges or interest until January 2018. It felt this was fair.

Our adjudicator was also of the view that it had been open to Mr M to accept or reject the increases. And she said the information showed that at this time Mr M had been managing his account in line with the terms and conditions. He'd been making the minimum repayments – and sometimes more- so she didn't think NewDay's decision was unreasonable. And she said there was nothing to show its original decision to offer Mr M a card was unreasonable either.

She sympathised with Mr M's current problems and said banks should treat customers fairly in such circumstances. But NewDay had suspended collections from July 2017 to January 2018 and she felt this was fair. And as Mr M had had the benefit of the money, she didn't think it was reasonable to ask NewDay to write off the balance or to remove the information recorded by NewDay on Mr M's credit file as this was factually correct.

But Mr M asked for his complaint to be referred by an ombudsman taking into account his health. The problems he was having in keeping up with his payments- and the impact it had had on his credit file- was making his medical problems worse.

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 the same conclusion as the adjudicator and for broadly the same reasons as I'll now explain.

I've looked first at whether NewDay was reasonable to offer Mr M a credit card in 2010. But I've seen the application form he completed at that time and there's nothing to show the credit limit of £750 was unreasonable or that he wasn't in a position to make the repayments on the card. On that basis I can't agree NewDay was irresponsible to offer Mr M a card. And the information shows Mr M didn't appear to have any problems initially in making the repayments.

I've also seen Mr M feels NewDay should have taken further steps to assess his finances before offering what he now says were irresponsible increases to his credit limit.

But as our adjudicator has found, NewDay took a number of steps to assess Mr M's account before it offered the increases. It reviewed his usage in the previous twelve months as well as seeking external information from credit reference agencies. While I appreciate Mr M is now having problems in making the payments, I have to look at what was known at the time and on that basis, I can't agree NewDay acted irresponsibly.

And looking at Mr M's account usage during this time, I've seen that overall he was managing his account in line with the terms and conditions and there was nothing obvious to suggest he wouldn't be able to manage a higher credit limit. And I can't see Mr M had told NewDay about any change in his health or finances before June 2017 so before then it wouldn't have been aware of these or been able to take them into account.

I've looked very carefully at the letters from NewDay and I'm satisfied they make clear Mr M is free to reject the increases and that if he does, it will have no affect on his account. The letters go on to say Mr M can also ask not to be offered any future increases. But Mr M didn't do so.

I appreciate Mr M is now having problems that mean he can't up with his repayments. I don't underestimate the impact this has had on him. And I'd expect NewDay to look at his situation sympathetically. Since Mr M told NewDay about his problems, it's suspended any action on his account and also frozen any further charges, fees or interest on it during this time. This seems a fair approach in the circumstances.

Mr M has said NewDay should write off the balance on his account but Mr M has had the benefit of the funds so I don't agree that at this stage it would be fair or reasonable for me to ask it to do so. And because NewDay has a responsibility to keep accurate information about its customer's accounts, I can't agree it now needs to remove the information it's recorded on Mr M's credit file.

I know this isn't the decision Mr M was hoping for. But for the reasons set out above, I don't agree NewDay has acted irresponsibly or that it now needs to do anything more on Mr M's account.

my final decision

My final decision is that I do not uphold Mr M's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 18 January 2018.

Cerys Jones
ombudsman