

The complaint

Ms W complains that NewDay Limited failed to credit to her account a payment she sent to it by cheque.

What happened

Ms W had a credit account with NewDay. In December 2018 she sent NewDay a cheque for £250 to reduce the amount she owed it. In accordance with NewDay's payment instructions she included her NewDay account number as part of the payee shown on the account.

Although the outgoing payment appeared on Ms W's bank account, NewDay said it had no record of having received the cheque, and charged Ms W a £12 late payment fee. When she complained to NewDay, it refunded the late payment fee as a gesture of goodwill and asked that her bank carry out a trace on the payment.

Ms W's bank discussed the issue with NewDay's bank. They agreed that Ms W's cheque to NewDay was included in a batch of cheques paid by NewDay into its own bank in December 2018, and that NewDay had been credited with those funds, including Ms W's payment.

Ms W's bank said that NewDay might have credited the payment to another of its customers instead of Ms W. So it would have to go back to its records to ascertain which account it had applied the £250 to.

Ms W passed this information on to NewDay. It responded that it still didn't have enough information to find where the payment had gone in its system. Without this, it wasn't willing to credit the payment to Ms W's account.

Our investigator recommended that this complaint should be upheld. He said the evidence Ms W had provided showed she had made the payment correctly, as she had included her account number on the cheque.

The evidence her bank had provided showed the payment had reached NewDay's bank and had been credited to NewDay. Ms W had passed on further batch number details and references which the investigator thought NewDay should be able to use to trace the payment.

He thought Ms W had provided satisfactory evidence to show receipt of the payment. He didn't think Ms W should be held responsible if NewDay couldn't locate it. He recommended that NewDay:

- credit Ms W's account with £250; and
- pay Ms W compensation of £250 for the distress and inconvenience it had caused her.

Ms W accepted the investigator's recommendation. NewDay responded to say, in summary, that it was still unable to locate the payment in its systems. It wasn't willing to compensate

Ms W until the funds had been found and it was satisfied the misplacement was a NewDay error. It wanted Ms W to go back to her bank and ask for more information.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I'm satisfied that Ms W:

- made out her cheque correctly and sent it to NewDay;
- it reached NewDay who paid it into its bank; and
- NewDay was credited with the funds on 20 December 2018.

At NewDay's request Ms W has also sought further information from her own bank about the circumstances of the payment arrangements between the two banks, and has passed this on to NewDay.

NewDay says it still can't trace the payment in its own systems. It wants Ms W to try to get more information from her bank, and won't credit her account until it has found the payment in its systems.

I think this is unreasonable. Ms W has made the payment - as long ago as December 2018. It reached NewDay then. There's no evidence Ms W has done anything wrong whatsoever.

She tried to help NewDay by obtaining information about the payment from her own bank. I don't think it's fair for NewDay to refuse to credit the payment to Ms W's account until NewDay has found the payment within its systems.

Putting things right

In the circumstances I've described above, I think NewDay should credit Ms W's account with the payment without further delay, and compensate her, and take the other action, as set out more fully below.

My final decision

My decision is that I uphold this complaint, and order NewDay Limited to:

1. credit Ms W's account with £250 without further delay. For the purpose of calculating interest on her account NewDay should treat the payment as if it had been credited to her account on 20 December 2018 and, if appropriate, recalculate the interest it has charged her ;
2. pay Ms W compensation of £250 (in addition to the compensation of £50 it has already paid her for poor complaint handling) for the distress and inconvenience it has caused her; and
3. remove any adverse information on her credit file about the late payment.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms W to accept or reject my decision before 1 April 2020.

Lennox Towers
Ombudsman