

## **The complaint**

Ms G complains about how NewDay Ltd trading as Aqua responded to her request for help with her credit card account during extremely difficult personal circumstances.

## **What happened**

Ms G told us about tragic circumstances she experienced, which I won't record here. Those led to a considerable amount of time off work, then she became unemployed. She said she told NewDay about this, but it kept charging her excessive interest, knowing she couldn't pay. She said the debt had now been sold to a debt recovery company.

NewDay said it had offered some support when Ms G first spoke to it on 18 July 2018. It thought it should've done more then, and that it had also missed an opportunity to offer assistance when it spoke to her again on 18 October 2018. Its customer care team hadn't got in touch.

NewDay said if it had followed the correct process, it thought that it would've put a hold on Ms G's account which would've prevented any interest or charges being applied. It didn't offer that help. It offered some lesser support, and made mistakes that meant that wasn't implemented. The debt was defaulted, then sold to a debt recovery company on 31 May 2019.

NewDay said it hadn't recognised all the mistakes it made when Ms G complained. It now wanted to refund all the interest and charges on Ms G's account, up to when it was passed to the debt recovery company. That was £108 in fees and £418.07 in interest. That would reduce her overall debt. NewDay didn't think it had made a mistake by selling the debt, as Ms G was no longer vulnerable by then, she was just in financial difficulties. So it wouldn't buy the debt back.

NewDay said it would pay £526.07 off her debt, and she could either have the compensation paid to her, or use it to reduce her debt.

Our investigator thought part of this complaint should be upheld. Ms G had asked us to look at the interest and fees charged on her account from the start, and our investigator said this had been charged in line with the terms of the account. So she didn't think NewDay had to pay everything back. And she didn't think it was unreasonable for NewDay to sell this debt.

But she said that in this case, NewDay should've done more to support Ms G. She initially thought that its offer was a fair way of resolving this. Then she spoke to Ms G again, and got more details of the effect this had on her at the time, and now. Our investigator asked NewDay to arrange for Ms G's debt to be put on hold for a short time with the debt recovery company. And our investigator said that she now thought that NewDay should pay Ms G £300 in compensation.

NewDay didn't agree. It said that it would pay £150, but our investigator still thought £300 was appropriate. So NewDay asked for this complaint to be referred to an ombudsman. The case then came to me.

## **My provisional decision**

I issued a provisional decision on this complaint and explained why I did propose to uphold it. This is what I said then:

NewDay has accepted that it made a number of mistakes in this case, which led to Ms G not being properly supported. It says it would like to refund the fees and interest applied after 18 July, until the debt was sold to a debt recovery company on 31 May 2019. This will reduce Ms G's overall debt. I agree that this refund is an appropriate step for NewDay to take in this case, and I'll include that in my award.

NewDay has also offered £150 in compensation. I've not set out in detail the circumstances which first led Ms G into financial difficulties, or the mental and physical health concerns she still has now, but I think these were, and continue to be, serious. And I think that NewDay's failure to support Ms G has made her already difficult circumstances considerably worse. I don't think that a payment of £150 adequately reflects the effect that NewDay's failure to support Ms G had on her. I think that £450 is a more appropriate sum to reflect that. NewDay can count the £150 that it offered towards this, if it has already paid it.

Finally, NewDay has stressed that it didn't know about any existing vulnerabilities when it decided to sell Ms G's debt. I think that it didn't know about these because it had previously failed to appropriately support Ms G. Ms G told us that she's found it difficult to cope with the level of contact she's had from the debt recovery company, and NewDay arranged a short break in that for her. I think if NewDay had been aware of the extent of Ms G's continuing physical and mental health concerns, it would not have sold her debt to a third party. For that reason, I think that NewDay should now buy back this debt, and not sell it or ask any agent to manage it in future.

I invited the parties to make any final points, if they wanted, before issuing my final decision. Ms G said she continued to be unwell. She said she accepted this decision, and appreciated it. NewDay replied to agree in part.

## **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.

NewDay said it would pay the refund, and compensation I'd suggested. But it said there was no benefit to having the account returned to the administration of NewDay from the debt recovery company. The same payments could be made to Ms G and to her debt, and the account would have defaulted whether it had sold or not.

I appreciate that the account would still have defaulted, and that returning this debt to NewDay's administration won't make a difference to the payment and credit she receives. But NewDay has told us it understood Ms G wasn't vulnerable when this debt was sold. I think she was, and remains so. And, as I said in my provisional decision, Ms G told us she's found it difficult to cope with the level of contact she's had from the debt recovery company.

NewDay arranged a short break in contact for Ms G, but said that it wasn't able to control the actions of this company in future.

I still don't think NewDay would've sold this debt if it had an up to date view of Ms G's circumstances. And asking NewDay to bring this debt back in-house allows it to ensure the debt will be managed appropriately in future.

I've reconsidered this complaint, but I've not changed my mind. I'll now make the award I originally proposed.

### **My final decision**

My provisional decision is that I intend to tell NewDay to refund £526.07 of Ms G's current debt, to pay Ms G a total of £450 in compensation, and to buy back her debt and manage this in house in future.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms G to accept or reject my decision before 3 September 2020.

Esther Absalom-Gough  
**Ombudsman**