

## The complaint

Miss H complains that NewDay Ltd left her credit card account open for almost three years, although she understood it had been paid off and closed. She said that having this unused credit on her credit file prevented her from borrowing elsewhere.

## What happened

Miss H told us that she'd understood she'd paid off and closed her NewDay credit card on 22 April 2017. But then early in 2019 she discovered that the account still showed as active on her credit file. Miss H complained, and NewDay said it would waive the few pennies of outstanding interest on her account. It closed the account then. But the closure was dated February 2019.

Miss H said NewDay promised to call her back within 24 hours, but it didn't. A couple of months later, she rang NewDay and complained. In May, NewDay upheld her complaint and offered £20. Miss H wasn't happy with that. She contacted NewDay again in July, to say that her credit file still showed this account as only recently closed, not closed in 2017. She told us she spoke to NewDay again in October, and there had been no progress. In January 2019, Miss H complained to our service.

NewDay didn't reply to Miss H's July complaint until February 2020. Then it wrote again, increasing its offer to £55. It agreed to backdate the account closure on Miss H's credit file, and also confirmed it had waived the interest.

Miss H said she'd applied for a different credit card while the NewDay card was still open, and been turned down because she already had too much credit available to her. NewDay said Miss H's account now showed as closed in 2017. It thought if there had been an impact on her ability to borrow, she'd have been in touch sooner. So it thought its offer of £55 was enough, and it said this was still open to Miss H.

Our investigator didn't think this complaint should be upheld. He said that there wasn't any evidence that it was this entry from NewDay that had caused Miss H to be refused credit elsewhere.

Miss H didn't agree. She said she wasn't just unhappy that NewDay had left her account open, she was also unhappy with how long it had taken to close and backdate the account once she did complain. She repeated how often she'd called NewDay, and how little progress she made. She really didn't think it should've been necessary for our service to step in to get this matter resolved.

Our investigator didn't change his mind. And he said he couldn't consider a complaint about how NewDay had dealt with Miss H's complaint, because that's not a regulated activity. Miss H said she couldn't understand how she couldn't complain about a financial company and her financial status. And she said that complaints do have set timescales and guidelines laid down by the regulator. She said that she was still unhappy we hadn't taken the poor service into account. She said she hadn't thought she would need to record calls with other credit card providers to use in this complaint.

As no agreement was reached, this case was passed to me for a final decision.

### **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:

Our investigator was right that our service can't consider a complaint which is solely about how a business has dealt with a complaint. But I don't think that's what Miss H is complaining about here. The core of her complaint is that she alerted NewDay to problems with her account and credit file in February 2019, and it took until February 2020 to sort that out.

I think that what NewDay has now done, in amending Miss H's credit file to backdate the closure of this account to 2017, was the right thing to do. But Miss H's credit file showed this account for almost three years longer than it should've. And it did take her a very long time to get this matter resolved. So I've got to think about whether £55 in compensation is the right amount to make up for what's gone wrong here.

I have to take into account that Miss H received a complaint response from NewDay in May 2019. So she had the option to come to our service then, instead of waiting until earlier this year. But I also note Miss H's comment that she really didn't think it ought to be necessary to make a formal complaint about this.

Miss H says this has affected her ability to get credit elsewhere. She's shown us that she was refused credit in May 2018, but she hasn't shown that this account being on her credit file was the only reason for that. I think it would be very difficult to show, with any degree of certainty, that if this account hadn't been on her credit file, she would've been accepted. I don't think I can assume that this account was the sole reason she was turned down for the other card. But I do accept that having this unused credit on her account is likely to have had some impact on her credit applications.

I've considered all the issues in this case, and I don't think NewDay's offer of £55 is quite the right amount to provide a fair and reasonable outcome to this complaint. I think NewDay should pay Miss H £100 in compensation, to make up for the distress and inconvenience this issue has caused her.

I invited the parties to make any final points, if they wanted, before issuing my final decision. Both sides replied to accept my decision.

### **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 haven't changed my mind. I'll now make the award I originally proposed.

**My final decision**

My final decision is that NewDay Ltd must pay Miss H £100.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 10 November 2020.

Esther Absalom-Gough  
**Ombudsman**