

## The complaint

Mr E complains that NewDay Ltd didn't help him with a dispute on his card. Then he said it put markers on his card accounts which caused his credit score to drop.

## What happened

Mr E said he rang NewDay about a problem he had with an airline ticket. Mr E said the adviser he spoke to was rude and unhelpful. Mr E told us that he raised a complaint about the agent, then some time later he found that he had markers on his credit file. Mr E told us that he had asked NewDay to remove these, and it took markers off one of the three cards he held with NewDay, but put these markers on the other two accounts.

Mr E said he'd experienced poor service, and his credit file had been affected. He wanted NewDay to fix his credit file, and pay £1,000 in compensation.

NewDay said it didn't think its agent had been rude. And it didn't think the markers on Mr E's file would affect his credit rating. But when this complaint came to us, it listened to the call Mr E had with it again, and it said that it thought it should've offered to make a chargeback request for Mr E. It didn't think that would be likely to have been successful, but it still thought it should've made the offer. It offered to pay Mr E £75 to make up for that.

NewDay said no adverse information has been recorded on any of Mr E's NewDay card accounts. There were query markers on two of his accounts, which were recorded as part of this complaint. NewDay said that doesn't have an adverse effect on credit file information. NewDay said the markers would be removed once the complaint is resolved.

NewDay said it had sent Mr E the call recording he wanted. It couldn't send this in an alternative digital format.

Mr E didn't want to accept NewDay's offer. He was adamant that the markers NewDay had put onto his credit file had caused his credit score to drop dramatically.

Our investigator asked NewDay to take the dispute markers off Mr E's credit file. It then did so.

Mr E said that his credit score was now going back up, but he then told us markers were still on his account.

Our investigator thought this complaint should be upheld. She didn't think that the markers had affected Mr E adversely, because he hadn't applied for credit while they were on his credit file. But she said that query markers being on Mr E's account would have made it seem like he either had a missed or late payment query for some time. She said that wasn't clear, and was mis-leading.

Our investigator said NewDay should have looked into the issues raised thoroughly and removed the markers on the cards as they didn't accurately reflect the how the account was being managed and were misleading. Because it hadn't, she said NewDay should pay Mr E

an additional £75, making his total compensation £150.

NewDay said it wouldn't pay more. It said that when it gets a complaint, a hold is placed on the account, to stop action like collections activity and the account being sold, whilst the complaint is under review. NewDay said that given the number of complaints that it deals with, if the query status was causing problems with credit files, it would expect to see a lot of complaints about this. And it doesn't. It wanted an ombudsman to consider this complaint.

Because NewDay didn't agree with our investigator, 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 not propose to ask NewDay to do more than it had already offered to do. This is what I said then:

Mr E first contacted NewDay to tell it about a flight ticket he'd bought on the card. Mr E thought that the person the ticket was for, wouldn't be able to travel. So Mr E had asked the airline for a refund. He said it initially agreed to that. But then the airline said it would only refund a small amount of the payment. (I understand that this ticket was in fact later used.)

Mr E said he felt the agent he spoke to about the ticket was rude and unhelpful. I've listened to the relevant call. I understand that Mr E felt very strongly about what the airline had done, but I don't agree that NewDay's agent was rude or unhelpful.

NewDay has said it thinks that it should've offered to make a chargeback request for Mr E, although it thinks that a chargeback in these circumstances was unlikely to succeed. It has pointed out that the airline would simply be able to deny that it had offered Mr E any refund, and a chargeback request wouldn't be able to check the content of calls between Mr E and the airline. But NewDay has still offered Mr E £75 because it didn't offer the chargeback.

I also think that a chargeback in these circumstances would've been very unlikely to succeed. The circumstances that Mr E has described are ones which I would usually expect to be covered by travel insurance. And I understand that the person concerned was later able to travel, after all. So I don't think that Mr E is worse off because NewDay didn't offer a chargeback request.

Our service won't necessarily expect a business to offer a chargeback in circumstances where it was unlikely to succeed. But I note what NewDay has said, that Mr E had found the airline unhelpful and difficult to contact, and I agree that it would've been good customer service, in this instance, to put forward a chargeback request for Mr E, and get the airline's response to this.

Mr E complained about the service he received, and NewDay has noted this complaint on two of the three cards it held with him. Mr E says this has affected his credit file.

NewDay has told our service that it usually does this in order to avoid certain actions being taken on a card account while a complaint is ongoing. So, for example, this marker would stop a card debt from being sold while a complaint was live. But NewDay says this marker shouldn't have any negative consequences for Mr E's credit file. It suggests that if this dispute has affected Mr E's credit score, he could discuss that with the relevant agency.

I can see that Mr E's credit score with one agency did drop, month on month, in the early part of 2020. He has shown us that this agency suggested the dispute on his NewDay cards might be an issue.

Lots of different things can affect a credit score. I think there are two questions I need to look at in this case -

- Firstly, is it most likely that Mr E's score was affected by these two dispute markers?
- Secondly, if Mr E's score was affected by these markers, did this cause a detriment to Mr E? In other words, was he somehow worse off because of this?

I'll look at each of those issues in turn.

*Is it likely Mr E's credit score was affected by these markers?*

I can see that Mr E's credit score was going down each month at the start of 2020, and that the credit reference agency he uses suggested that the disputes might be affecting his file.

That agency appears to make the same suggestion to clients about disputes markers as it does for missed or late payments.

When Mr E brought his complaint to our service, we asked NewDay to take this marker off. It did that in May. Mr E's credit score started to rise again in May. If Mr E's credit score was affected by dispute markers, then I wouldn't have expected it to start to rise again so quickly.

That's because updates to credit files usually take more than just a few days to take effect. And Mr E told us that these markers were still on his credit file in August. I would have expected them to be removed by then. But if the markers were still on his credit file in August, then it's not clear why his credit score started to rise in May.

I think it's worth noting at this point that Mr E has an unusually large amount of unused credit. The screenshots he sent us showed that he was using about 1% of the overall credit available to him, which stood at over a quarter of a million pounds. Because Mr E's credit file is so different to most, it's particularly difficult to conclude what may have affected his score.

It's difficult to see if NewDay's actions did affect Mr E's file, or not. On balance, because Mr E's credit score doesn't seem only to have changed at the same time as these markers went on or came off, I think it's a little more likely that these markers weren't the reason Mr E's score was changing.

But whether or not NewDay caused these changes might not be a key issue, if the changes to Mr E's credit file didn't actually affect him. So I'll look at the remaining question.

*If Mr E's score was affected, did this cause a detriment to Mr E?*

Mr E hasn't told us that he applied for any additional credit or loans during this time. I can't assume that any such applications would not have been successful.

As I've set out above, Mr E has a very significant amount of unused credit available to him. So even if Mr E was put off from applying for further loans or credit in this time, I can't say that Mr E is likely to have been disadvantaged by that.

I don't think that Mr E has been adversely affected by changes to his credit score.

*provisional conclusion*

I can see that Mr E was very concerned about the changes to his credit score. But even if what NewDay did had affected his score, I can't say that Mr E was worse off because of this. So I don't think that NewDay has to pay Mr E the £1,000 in compensation that he asked for.

But it is clear that NewDay did put markers on Mr E's account. It has certainly done something which caused Mr E concern. And we now know that it didn't need to do this. NewDay has told us it didn't need these markers in Mr E's case, and when we asked it to remove them, NewDay took them straight off.

NewDay has already offered Mr E £75 to make up for what it thinks was poor service on a phone call he had with it. I can see that service could have been better on this call. And I also think that when NewDay made this offer, it could also have offered to remove the markers on Mr E's account. I think that would've been better service too.

I've thought carefully about this case, and I do think that a payment of £75 would provide a fair and reasonable outcome to this complaint, as an apology for areas where NewDay's service could have been better.

I understand that NewDay hasn't yet paid this money to Mr E, so I'll ask it to do so now.

I invited the parties to make any final points, if they wanted, before issuing my final decision. NewDay said it would arrange a payment of the amount I'd suggested. Mr E sent a substantive reply.

**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.

Mr E said this wasn't a dispute about a chargeback, he was asking for advice. He said a marker for a missed or late payment should never have been put on his accounts.

NewDay has told us that no late payments have been recorded on Mr E's three NewDay cards. I've checked all three of Mr E's NewDay cards, and I haven't seen anything to suggest that a marker for a missed or late payment was put on Mr E's credit file by NewDay. This complaint is about dispute markers.

Mr E said he never had a recording of the call that I had listened to, and NewDay had also told our investigator that there was not a recording available.

NewDay sent this call recording to Mr E. Mr E told us he received this, but that he objected to the format in which it was sent, and NewDay said it couldn't change this for security reasons.

I can't see that NewDay has ever suggested to our service that the recording wasn't available, or that it has refused Mr E's request to send the recording to him.

Mr E said he sent evidence of his credit file and I'd noted that the credit reference agencies stated that NewDay's action had had an adverse effect on his score. So Mr E said that when I said it had not, that was a contradiction.

I looked closely at the changes in Mr E's credit score, and said that it was hard to relate these to what NewDay did, because the changes didn't happen at the same time. On balance, I thought it was less likely that this is what had caused the changes in Mr E's credit score that he complained about.

I did take into account that Mr E had sent us a note from his credit file that says he has either arrears or payment queries which are impacting his credit score. I think it is surprising for a credit reference agency to suggest that disputes markers would have the same impact as arrears. I don't think I can assume that any potential lender would've assessed Mr E's credit file in the same way.

Mr E said that moving the complaint from one card to the other cards was very clearly wrong, he thought it was also unlawful. He said even after NewDay said it had removed the markers, they were still on the account.

NewDay removed the dispute marker on one account, then it put the markers on two other accounts when Mr E renewed the dispute. I've explained I don't think NewDay needed to do that. But I've also said that I need to consider what the impact of this was.

Mr E said that it was irrelevant whether he had £250k credit available or not, or whether or not he had applied for other credit or not. He didn't think I should have reduced the amount that he would receive, when our investigator had suggested £150. He said that wasn't enough to deter NewDay from behaving badly, or to force it to respond more quickly to a complaint. He wanted £1,000.

Our service doesn't make awards to punish businesses for things they have got wrong, or to force them to behave differently in future. We don't have any powers to do that. So I couldn't make the award that Mr E wants for the reasons he's set out, even if I agreed with his assessment of this complaint.

What I have to do is look at the individual circumstances of each case, and assess the impact that a problem had on the complainant. So I do think it's directly relevant to consider the impact on Mr E. And I explained in my provisional decision, I didn't think that there was any adverse effect on Mr E from changes to his credit score. I did think that what NewDay did was unnecessary in this case, and had caused concern to Mr E. And NewDay itself had identified that its service could have been better. I thought that £75 would provide a fair and reasonable outcome to this complaint. I still think that now.

I've considered what Mr E has said carefully, but 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 Mr E £75.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 25 March 2021.

Esther Absalom-Gough  
**Ombudsman**