

The complaint

Mrs D complains that NewDay Ltd (trading as Aqua) increased the interest rate on her credit card. Mrs D also complains that Aqua negatively impacted her credit file by recording a “Q” marker when she complained.

What happened

The background to this complaint and my view on how to resolve it were set out in my provisional decision. In my provisional decision I said:

What happened

Mrs D had a credit card with Aqua and in 2019 it wrote to advise the interest rate would be going up. Mrs D asked some questions about why her credit card rate was increasing and complained. On receipt of Mrs D’s questions, Aqua recorded a “Q” marker on her credit file. Aqua says the use of the Q marker is industry standard and used when a consumer asks questions about their account or complains.

In September 2019 Mrs D took the decision to repay her credit card balance instead of paying the new interest rate and asked for the account to be closed. Mrs D has told us that around this time she and her husband were applying for a remortgage. But the lenders they initially approached declined the application, citing Mrs D’s credit score. Mrs D got a copy of her credit file and found the Q marker reported by Aqua. Mrs D was concerned that the Q marker had reduced her credit score and caused her remortgage to be declined. On 3 November 2019 Mrs D has told us she checked her credit file again and found the Q marker was gone.

Mrs D has advised that she was able to arrange a remortgage with a new lender once the Q marker was removed from her credit file.

As she remained unhappy, Mrs D referred her complaint to this service. On receipt of our file request, Aqua took the step of applying another Q marker to Mrs D’s credit file.

Mrs D’s remortgage completed in March 2020. Mrs D has requested that Aqua cover the additional interest she paid towards personal loans that were consolidated to her new mortgage. Mrs D has also asked for the difference in interest rates between her old and new mortgage to be refunded. Mrs D has explained that she believes Aqua’s Q marker was the reason her initial remortgage applications didn’t go ahead.

An investigator reviewed Mrs D’s complaint but was satisfied Aqua had used the Q marker correctly and didn’t ask it to take any further action. Mrs D asked to appeal.

I asked Aqua for evidence from its policy manual or guidance obtained from the credit reference agencies to show its use of the Q marker was correct. Aqua responded to say it didn’t have written guidance but the way it reports complaints and queries is a longstanding practice.

I also asked Mrs D to provide a copy of her and her husband's credit files along with anything she may have had that specifically showed why the remortgage applications had been initially declined. Mrs D sent in the credit reports and confirmed that she was advised applications couldn't proceed because of her credit score.

I went on to issue a provisional decision, upholding Mrs D's complaint in part. I said I felt the use of the Q marker was unfair and didn't find it had been applied in line with industry guidelines. But, I didn't find that Mrs D's remortgage application was delayed or declined on the basis of the way the Q marker had been applied by Aqua.

In the provisional decision, I also said Aqua should have closed Mrs D's credit card in 2019, when she repaid the outstanding balance. To resolve the complaint, I said that Aqua should amend Mrs D's credit file to remove any Q markers reported. I also said Aqua should amend Mrs D's credit file to reflect a closure date. Finally, I said Aqua should pay Mrs D £400 in respect of the distress and inconvenience caused.

Aqua responded to my provisional decision and highlighted guidance from one of the main credit reference agencies on the use of credit file markers. The guidance included circumstances where Q markers can be applied where a consumer raises a query or dispute about their account.

Aqua also said its normal process means it can take 90 days to close a credit card and that, before that time limit had passed, it paid £25 compensation onto Mrs D's account. As there was an active credit balance on the credit card, Aqua says it couldn't close the account in line with Mrs D's request in September 2019. Aqua says it only closed the account around 90 days after Mrs D told it she didn't want the £25 compensation.

What I've provisionally 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'd like to begin by thanking both parties for their patience whilst this case has been with us. In my provisional decision, I said I would consider new information provided by either party before making my final decision.

Aqua responded and pointed to guidance from one of the major credit reference agencies regarding the use of Q markers and has also given us further information about the process it follows when closing a credit card. And the points Aqua has made have impacted how I think Mrs D's complaint should be resolved. As a result, I've taken the step of issuing another provisional decision which gives both parties a chance to respond.

Aqua's response included close reference to guidance relating to the use of a Q marker on a credit file to reflect a query. The guidance says "Where a query exists on an account, for example a mechanise complaint... the record should be flagged with the letter Q..." In my provisional decision I said Aqua hadn't shown its actions were in line with the guidance set out by the credit reference agencies. But, having considered Aqua's response and the associated guidance, I agree that, in this case, it could report a Q marker on Mrs D's credit file after she raised queries about the increased interest rate on her credit card.

I'm sorry to disappoint Mrs D, but having reconsidered Aqua's actions and the guidance, I haven't found it treated her unfairly when it applied the Q marker after she raised a dispute about the interest rate.

The guidance goes on to say "A record marked as a query is still expected to receive

monthly updates until the point at which it is marked as settled or defaulted.” So I’ve considered whether Aqua’s use of the Q marker in this case is fair and in line with this approach.

In my provisional decision, I said Aqua should have closed Mrs D’s credit card as she requested after repaying the outstanding balance in 2019. I said Aqua’s records showed Mrs D had specifically asked it to close her account once the balance was cleared but that it hadn’t taken that step.

In response to my provisional decision, Aqua said Mrs D has repaid the outstanding balance on 14 September 2019 and asked for her account to be closed. But Aqua says its internal processes mean it can take up to 90 days for a credit card to be closed. And, before 90 days had elapsed, it upheld Mrs D’s complaint and paid £25 onto her credit card on 31 October 2019. Aqua says it sent Mrs D its final response to her complaint on 9 November 2019 and asked for bank details to arrange settlement. But it wasn’t until 17 April 2020 that Mrs D advised she didn’t want the £25 compensation. Aqua says the account was closed and marked as settled on 29 July 2020, around 90 days later.

Whilst I understand Aqua is free to decide its own processes concerning how it operates and how accounts are closed, I also have to take into account whether, in the circumstances of Mrs D’s complaint, it has acted fairly. And I still don’t think Aqua’s approach to closing Mrs D’s credit card was fair.

Aqua’s credit card terms say “You may end this agreement by giving us notice. This will take effect when the notice is received by us.” The terms make no mention of an additional 90 days required to process the account closure. The terms specifically say that the account closure will take effect when Aqua receives notification from the card holder. In Mrs D’s case, Aqua has recorded that Mrs D repaid her outstanding balance and asked it to close her account on 14 September 2019.

In addition, Aqua says the account remained open because it subsequently credited it with £25 compensation. Whilst I can see Aqua’s final response dated 9 November 2019 asked Mrs D for details of where to pay the compensation, at the end of the letter it made reference to an email that was sent after closing the account. I don’t think Aqua’s final response is clear. If Aqua intended to leave Mrs D’s account open until she confirmed whether she accepted the £25 settlement, I think it would’ve been fair for it to have made that clear in its final response.

I’m satisfied Aqua was aware that Mrs D had asked for her account to be closed when it responded to her complaint. So, I think it should’ve considered whether paying compensation directly to the account was the right approach as that acted as a barrier to closing it, in line with Mrs D’s instructions.

I’ve considered everything Mrs D and Aqua have sent us. Whilst I have changed my view about whether the use of the Q marker was reasonable, I still think the reported closure date isn’t a fair reflection of Mrs D’s instructions. I understand Aqua has its own processes, but for the reasons I’ve given above, I think Mrs D has been unfairly impacted because the account remained open and active on her credit file until July 2020.

Given Mrs D took the necessary steps to repay and close her credit card, in line with the account terms, in September 2019, I think the fairest approach is for the information Aqua reports to reflect that.

Based on everything I’ve seen, I’m satisfied Mrs D has suffered distress and inconvenience as a result of the way Aqua has reported her account. So, I still think it’s fair for Aqua to

recognise the trouble and upset caused. As a result, I intend to tell Aqua to pay Mrs D £200 which, in my view, fairly reflects the impact of the delay in following her instruction to close the account.

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.

In my provisional decision, I asked both parties to respond with any new information or comments they wanted me to consider. Mrs D responded and confirmed she was willing to accept the provisional decision. Aqua responded to say it didn't accept.

Aqua's response provided similar information to that contained in its previous submissions. Aqua said it had acted in line with its process by leaving the account open and reporting on Mrs D's credit file. Aqua accepted its final response was unclear but said it had sent Mrs D statements that showed the account remained open.

I've considered the comments made by Aqua. As I've previously said, if Aqua's decision to uphold Mrs D's complaint meant it was going to pay compensation to her credit card account and disregard her request to close it, I'd have expected that to be made very clear in its final response. The fact Mrs D's credit card would remain open because £25 compensation was paid was not made clear.

I understand Aqua says it continued to provide statements but Mrs D had given clear instructions to close her account and I'm not persuaded it's fair to expect her to have highlighted the ongoing issue to Aqua.

I've considered Aqua's response to my provisional decision but haven't been persuaded to change my view. In Mrs D's case, I'm satisfied that the way Aqua handled the account closure request impacted her unfairly and meant the credit card remained open and reported for longer than it should have. Having considered everything Aqua and Mrs D have sent, I still think this complaint should be upheld, for largely the same reasons.

I haven't been persuaded to change the conclusions I reached in my provisional decision. As a result, I'm going to proceed and uphold Mrs D's complaint.

Putting things right

To resolve Mrs D's complaint, I direct Aqua to settle as follows:

- Amend Mrs D's credit file to show she closed the credit card in September 2019
- On resolution of this complaint, remove Q markers reported
- Pay Mrs D £200 for the distress and inconvenience caused

My final decision

My decision is that I uphold this complaint and direct NewDay Ltd trading as Aqua to settle as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs D to accept or reject my decision before 12 April 2021.

Marco Manente
Ombudsman