

The complaint

Mr S is unhappy that NewDay Ltd didn't provide him with information about an outstanding balance on his account and that they passed this debt to third party agencies and reported adverse information to his credit file and didn't provide him with appropriate support.

What happened

Mr S had a credit account which was administered by NewDay. In 2019, Mr S began receiving demands from debt collection agencies for an outstanding balance on the account. Mr S was suspicious about these demands as he didn't think that he had an outstanding balance. So, he made a complaint.

NewDay looked at Mr S's complaint, but they felt that the outstanding balance on the account was legitimate and they noted that Mr S hadn't made payment on the account following their attempts to contact him about this prior to them passing the account to a debt collection agency. So, they'd didn't uphold the complaint.

Mr S wasn't happy about this, especially as he felt that NewDay hadn't taken due consideration of his health and medical issues, and he didn't feel that it was fair that his credit file had been affected by this, so he referred his complaint to this service.

One of our investigators looked at this complaint, but they felt that NewDay had been able to demonstrate that the outstanding balance was legitimate, and that they had taken reasonable steps to try to contact Mr S about it.

However, NewDay confirmed to our investigator that they had re-reviewed Mr S's complaint and felt that they hadn't recognised Mr S as being a vulnerable customer as quickly as they should have done, and so they offered to reimburse charges and interest back to the account for the period of time that they hadn't considered Mr S as being vulnerable when they should have done, as well as make a payment of £75 to Mr S by way of compensation.

Our investigator felt that this represented a fair and reasonable outcome to the complaint, and confirmed that he didn't feel that Mr S's credit file should be amended, because Mr S had stopped making payments to NewDay before the account had been passed to a debt collection agency, and so he felt that Mr S's credit file would have been affected whether the outstanding balance had remained with NewDay or not.

Mr S wasn't satisfied with NewDay's offer, or the view put forward by our investigator, so the matter was escalated to an ombudsman for a final 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 have looked at how this account was opened and considered any features or restrictions of the account that might be relevant to this complaint. In this instance, I can see that it was a

feature of the account that it had to be managed online, and NewDay have provided this service with product literature which explains to the customer that once they activate the account they should register for the Online Account Manager to view their monthly statements and other account notices.

Mr S has explained that his health and medical conditions means that it's unsuitable for him to be contacted by telephone and that all correspondence should be in writing. However, NewDay have confirmed that they have no record of Mr S registering for the Online Account Manager subsequent to the credit account being activated. And it must be noted that Mr S did correspond with NewDay electronically, via email, when inquiring with them why he hadn't received paper statements for the account.

Mr S has explained that he wasn't aware what the outstanding balance on his account was for. Having reviewed the statements on the account, it's evident that the account had a zero balance but that a purchase was made using the account in February 2019, but that no payment was subsequently received from Mr S to bring the account back to a zero balance, which led to late payments fees being applied.

The statement and communication record that NewDay have provided to this service provide a clear timeline of how the balance on the account accrued, and include notices sent to Mr S about the missed payment advising him that his account was in arrears. And this information would have been available to Mr S, had he registered for the Online Account Manager, as he was directed to do by the account product literature.

All of which means that it's difficult for me to conclude that NewDay didn't provide Mr S with ongoing information about the status and balance of his account, but rather that Mr S didn't access the information about his account that was provided for him by NewDay.

It's evident from the contact notes on the account that Mr S contacted NewDay in June 2019 to ask about the outstanding balance on his account, and Mr S informed NewDay of his medical and health conditions at that time.

NewDay have acknowledged to this service that they didn't take appropriate notice of Mr S's issues at that time, and that had they done so they would have recognised Mr S as being a vulnerable customer and wouldn't have subsequently passed his account to a debt collection agency, which they did in October 2019.

Because of this, NewDay offered to reimburse to Mr S's account all the interest and charges that had been applied to the account between June 2019, when NewDay should have recognised that Mr S was a vulnerable customer, and October 2019, when the account was passed to the debt collection agency, and after which time no further interest and charges were applied to the account. NewDay have also offered to make a payment of £75 to Mr S by way of compensation for not recognising him as being a vulnerable customer when they first should have done.

This offer from NewDay feels fair to me, and I consider that it represents a reasonable resolution to this complaint.

Mr S has expressed his dissatisfaction that adverse information has been recorded on his credit file because of this outstanding balance, and he would like NewDay's offer to extend to the removal of this adverse information from his credit file.

It's understandable that Mr S would want the record of the late payment of his account removed from his credit file, but as a credit provider, NewDay have a responsibility to make accurate reports to the credit reference agencies, and I'm not convinced that it would be

appropriate for me to instruct NewDay to amend Mr S's credit file in the way that he wants here.

For me to consider making such an instruction, I would need to be satisfied that NewDay had made an error that had directly led to Mr S's credit file incurring adverse reporting, which would not have occurred otherwise, had the error not been made.

I don't feel that this is the case in this instance, and I say this because Mr S's account was already in arrears when he contacted NewDay in June 2019 and first made them aware of his health and medical issues. And while NewDay didn't recognise Mr S as being a vulnerable customer at that time, I'm satisfied that even if they had done so, the adverse information would still have been recorded on Mr S's credit file. And this is because, ultimately, Mr S didn't make the payment on the account that needed to be made for the reporting of this adverse information on his credit file to be avoided.

All of which means that I won't be asking NewDay to update Mr S's credit file in this instance, as I'm satisfied that the information currently reported to Mr S's credit file is a fair and accurate reflection of what took place on the account.

It follows that I feel that the offer already made by NewDay to Mr S, as described previously, represents a fair and reasonable outcome to this complaint, and because of this I won't be upholding this complaint or asking NewDay to take any further action here - beyond the offer that they have made to which they have already agreed.

I realise that this won't be the outcome that Mr S was wanting here, but I hope that he can understand, considering everything I have explained above, why I have made the final decision that I have.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 11 May 2021.

Paul Cooper
Ombudsman