

The complaint

Mrs L, represented by her son, complained because NewDay Ltd:

- debited £250.85 to her account in error;
- sent arrears letters and a default letter, although Mrs L had reported that she hadn't made the transaction; and
- didn't resolve the problem quickly or efficiently.

Mrs L was hospitalised with a suspected heart attack shortly after receiving the default letter, and caught covid which she believed she caught in hospital. Mrs L wants more compensation than NewDay offered.

What happened

On 24 August 2020, Mrs L rang NewDay with an account query, which was dealt with and the call ended. The next customer to speak to the agent wanted a refund of a £250.85 credit balance on their account. By mistake, NewDay's agent debited Mrs L's account with £250.85, instead of the correct customer. NewDay sent this from Mrs L's account to the bank requested by the other customer.

The debit appeared on Mrs L's 7 September monthly statement. It was the only debit, and her account had a nil balance apart from that. On 2 October, Mrs L rang NewDay. The advisor told her that the £250.85 had been sent to her bank. But Mrs L said she hadn't provided her bank details. The advisor said he would flag this complaint and it would be resolved in 6 to 8 weeks. He said it wouldn't have an impact on Mrs L's credit file.

Mrs L's regular monthly statement, dated 5 October, said her account had been suspended and requested a payment of £26.12 immediately. And on 8 October, NewDay sent Mrs L an arrears letter.

Mrs L rang NewDay again on 20 October. This time the advisor told Mrs L where the money had been sent - it was to a different bank from the one Mrs L had always used. Mrs L complained again.

Mrs L's 5 November monthly statement still showed the disputed £250.85, and asked her to pay £33.43.

On 24 November, Mrs L sent a recorded delivery complaint letter. She complained that she'd been sent letters saying she owed money, and that her credit file could be affected. She said she'd never had an account with the bank to which the payment had been made. She pointed out that she'd paid the bill in full in July, as she always did. This was causing her sleepless nights, and she was in the middle of selling and buying another property, as well as the stress of the worldwide pandemic. Mrs L said she wanted her NewDay account to be closed.

Mrs L's December monthly statement still showed the disputed £250.85, and asked her to pay £52.99.

On 12 December, NewDay sent Mrs L a Default Notice. This said that if she didn't pay £33.43 by 2 January 2021, NewDay would close the account and require the full balance to be paid immediately. It could sell the account to a third party, and would send details to credit reference agencies. The letter said that if NewDay took Mrs L to court and got a judgement against her, she might have to pay both the amount of the judgment and interest.

Mrs L rang NewDay again on 15 December. She asked to speak to a manager, but this was refused. Mrs L told the adviser about the distress NewDay was causing her. She spoke about the default letters and pointed out that when she'd first complained, she'd been told that her credit file wouldn't be affected – which wasn't what the default letter said. The adviser promised a call back the next day. But it didn't happen, either on 16 December or later.

On 20 December, Mrs L was taken to hospital by ambulance with what at the time was suspected to be a heart attack. She was kept in hospital for tests at what was a particularly difficult time to be in hospital because of covid. Mrs L and then her husband both caught covid, which they believe she caught in hospital.

On 29 December, Mrs L's family took over the complaint to NewDay. Her son wrote a detailed complaint setting out what had happened. He told NewDay that Mrs L wasn't to be contacted direct because of her health problems resulting from what had happened.

On 30 December, NewDay sent Mrs L another arrears letter.

On 31 December, NewDay issued a final response letter to Mrs L's complaint. It upheld the complaint and said an agent had made an error on 24 August. It also said this had impacted Mrs L's credit file, because it had reported missed payments to the credit reference agencies. NewDay said it had removed the incorrect balance, and late payment fees and interest. It had also instructed the credit reference agencies to remove the adverse markers. And it said it had credited Mrs L's account with £130 as an apology.

But on 2 January 2021, NewDay rang Mrs L at around 8.20am chasing for payment, and again around 10am. Mrs L told the NewDay callers that a complaint had been made – but was told there were no notes on her account about any complaint. NewDay rang again on 6 January and Mrs L said they should contact her son. There isn't a record of that call, but on 6 January, NewDay credited Mrs L's account with a further £50 because of what had happened after the final response.

Mrs L wasn't satisfied with NewDay's response and, represented by her son, complained to this service. He told us that the stress had caused Mrs L to be taken to hospital in an ambulance and kept in for tests at a time when it was unsafe to be in hospital because of covid. He said that NewDay's failing could literally have killed Mrs L and her husband. Both had caught covid after Mrs L was admitted to hospital. Mrs L's son said it was completely unacceptable that NewDay had placed a vulnerable person under so much stress that it caused a cardiac event to be brought on. And despite having told NewDay what had happened, NewDay had continued vigorously to chase Mrs L, a vulnerable person, for money she didn't owe.

Mrs L's son also provided a letter from Mrs L's GP. This said that Mrs L had suffered significant stress as a result of the letters demanding payment even though she'd paid her balance in full. The GP went on to say that *"the significant stress and anxiety is likely to have contributed to the significant chest pain that she felt in December which led to an admission to A&E... Unfortunately following this admission Mrs L tested positive for covid which she assumes was contracted while in hospital."* The GP also said that he had seen Mrs L in

January 2021 when she was waiting for a cardiology appointment, and she was struggling with low mood, anxiety and difficulty sleeping.

So Mrs L's son asked for compensation for the damage and personal injury NewDay had caused her. He also asked for compensation for his own time, when he'd otherwise have been running his own company.

Our investigator upheld Mrs L's complaint. She said NewDay's error caused Mrs L unnecessary stress. It had sent multiple letters, default notices, texts and calls, which would have been stressful. The investigator also recognised that the credit file marker would have been stressful, and she said NewDay should ensure any negative information had been removed from Mrs L's credit file. But the investigator said there had been no reason for NewDay to have treated Mrs L as a vulnerable customer before the December medical problem. She said that the covid situation was stressful for everyone, so she couldn't say for certain that the stress caused by NewDay had caused the medical problem, though it would have been a contributing factor.

So the investigator thought that a total of £400 compensation would be fair and reasonable. As NewDay had already paid £180, this left £220 still to pay.

NewDay agreed. But Mrs L's son didn't agree. He said the investigator's outcome was disgusting, and he didn't believe she could think £400 was fair and reasonable. He asked what the investigator thought had caused the medical attack. He said NewDay needed to be severely punished so it changed its processes. He said Mrs L had nearly died and NewDay had kept chasing her wrongfully, and would have carried on doing so if he hadn't referred the complaint to this service.

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 recognise that Mrs L and her son feel very strongly about what happened. That's understandable, because it would have been distressing to receive monthly statements, arrears letters and default notice, all saying Mrs L owed money when she didn't.

It's not disputed that the original error was made by NewDay, and that this led to the arrears correspondence and credit file markers. So my job is to assess how much compensation would be fair and reasonable for NewDay to pay Mrs L.

When assessing compensation, the aim is to compensate the consumer for the distress and inconvenience suffered. I recognise that Mrs L's son has said he wants NewDay punished severely, so it changes its processes. But it's not our role to change an organisation's systems or process – or punish them when mistakes are made. The regulator, the Financial Conduct Authority, would look at wider issues like these. Instead, our role is to look at individual disputes impartially and decide what's fair and reasonable in all the circumstances of a complaint.

So I've considered the distress and inconvenience which Mrs L suffered. The original mistake was made by NewDay, and I consider it could and should have been put right relatively quickly and easily. Instead, Mrs L had to complain multiple times. And despite having told NewDay about the problem, it continued to send distressing correspondence chasing her for the money she didn't owe. I consider the impact of this would have been

worse because I can see that Mrs L was someone who normally paid off what she'd spent straightaway. Apart from the disputed amount, her balance was clear. Both the letters, and the impact on her credit file, would have been more distressing in these circumstances.

I find that NewDay took too long to investigate and put things right. Mrs L reported the problem on 2 October. Financial organisations do have eight weeks to respond to complaints, taking this to late November. But I consider that NewDay could reasonably have put a stop to the arrears correspondence while it was investigating the disputed payment. And in any case, in early January 2021, well after the eight weeks, and even after the final response letter, NewDay staff were still making arrears calls asking Mrs L to pay. This was despite having been asked to contact Mrs L's son instead, because of Mrs L's health. So I find that NewDay provided very poor service and failed Mrs L.

I'm sorry to hear of Mrs L's health problems from December 2020. I've read her GP letter carefully, in which he states that the stress and anxiety from NewDay's multiple letters "*is likely to have contributed to*" her significant chest pain which led to her A&E admission.

It's impossible for me accurately to assess the extent to which NewDay's failings contributed to Mrs L's health. But, I have taken account of the GP's letter, and balance this with the other factors which Mrs L raised with NewDay – that she was in the middle of selling and buying a property, and that the covid pandemic was a very stressful time for many people. So I've taken all this into account when thinking about what fair compensation looks like here.

I note that in her November 2020 letter to NewDay, Mrs L asked to close her account. NewDay said in the final response letter that it had removed all charges and interest. I asked NewDay what the current situation is. It said the account hasn't yet been closed because there's a credit balance on it. We'll ask Mrs L where she wants that money to be sent, and NewDay says the account will show as settled on Mrs L's credit score after the balance is nil.

NewDay confirmed in the final response letter that it had asked for adverse credit information to be removed from Mrs L's name. Her son will want to check this as a precaution. But we don't award compensation for the time which a representative spends on a complaint. I appreciate that Mrs L's son has been distressed and inconvenienced by the upset and time he's spent. But we can only award compensation to the account holder – here, Mrs L.

Taking all these factors into account, I consider that £400 would be fair and reasonable compensation for NewDay to pay Mrs L for the distress and inconvenience it caused her. I realise that will fall short of what Mrs L's son feels is fair here, but I think this is a fair amount to recognise the impact of NewDay's actions on Mrs L here.

My final decision

My final decision is that I uphold this complaint and I order NewDay Ltd to:

- pay Mrs L a total of £400 for the distress and inconvenience caused by its August 2020 error and failures to sort this out. It has paid her £180, leaving £220 to pay;
- provide Mrs L with evidence that her account has been closed with a nil balance, after it has paid her the current credit balance. It should also confirm at that point that the account has been marked as settled on her credit file.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs L to accept or reject my decision before 30 July 2021.

Belinda Knight
Ombudsman