

The complaint

Mrs A complains about the adverse information that NewDay Limited has recorded on her credit file relating to the payments that she made under a credit agreement for a television.

What happened

Mrs A used a credit agreement with a third party to pay for a television. The third party stopped trading before the credit had been repaid and the credit agreement was transferred to NewDay. The amount outstanding in April 2016 was £117.98 and Mrs A made a payment of £118 from her bank account to clear that balance – but the payment was returned the following day.

There were communications between Mrs A and NewDay from May to November 2016 about the account and NewDay sent a default notice to Mrs A in June 2016, it terminated her account and transferred her debt to a debt recovery unit in July 2016, and a default was recorded on her credit file in November 2016. Mrs A says that she didn't receive those communications and she made another payment to NewDay in October 2016 but it was also returned the following day. She complained to NewDay in December 2016 and it said that she still owed it £117.98 but, if she made the payment, it would remove charges from her account as a goodwill gesture.

Mrs A says that she noticed in May 2020 that NewDay had recorded a default on her credit file so she complained to it. It said that the account balance of £221.39 had been charged off in November 2016, it was required to report accurate and true information to the credit reference agencies and it was unable to make any adjustments to her credit file. Mrs A wasn't satisfied with its response so complained to this service.

Our investigator didn't recommend that her complaint should be upheld. She said that NewDay had told Mrs A about the negative impact the default would have on her ability to obtain credit in the future and she was given time to make the payment before the default was registered – but she didn't make a successful payment so the default was registered. She said that NewDay had acted in line with its terms and conditions and obligation to report accurate data to the credit reference agencies. She believed that NewDay had acted fairly and reasonably so she said that she wouldn't be asking it to take any further action.

Mrs A has asked for her complaint to be considered by an ombudsman. She says, in summary, that she didn't receive any of the letters from NewDay, otherwise she would've paid and she says that she has a consistent record of paying on time via direct debit. She says that she'd tried to clear the account in April and October 2016 but the payments were returned to her 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.

Having done so, I agree with the conclusions reached by our investigator for these reasons:

- it's clear that Mrs A tried to clear the outstanding balance of her credit account in April and October 2016 – but the payments were returned to her bank account;
- NewDay has provided detailed evidence about the letters that it sent to Mrs A between May and November 2016, including account statements, missed payment notices, account overdue letters, notices of sums in arrears, a default notice and a notice of termination of her account;
- I consider it to be more likely than not that those letters were sent by NewDay to Mrs A and I don't consider it to be likely that she wouldn't have received any of them;
- she knew in April 2016 that there was an outstanding balance of £117.98 on her account and she made a payment of £118 to clear that balance – but the bank account statement that she's provided shows that the payment was returned – so I consider that she would've known, or ought reasonably to have known, that she continued to have an outstanding balance on her account;
- I consider that NewDay acted correctly in sending those letters to Mrs A and that, when it hadn't received the required payment, it acted fairly and reasonably when it defaulted and terminated her account;
- Mrs A complained to NewDay in December 2016 so I consider that she would have known at that time that there was an outstanding balance on her account;
- NewDay responded to her complaint and said that she still owed it £117.98 but, if she made the payment, it would remove charges from her account as a goodwill gesture – I consider that to have been a fair and reasonable response to her complaint at that time;
- Mrs A didn't make the required payment at that time and didn't make a payment to clear the balance of her account until March 2021;
- NewDay is required to provide true and accurate information about a customer's payment history to the credit reference agencies;
- I consider that the default that it's recorded on Mrs A's credit file is a true and accurate record of her payment history - I'm not persuaded that NewDay has acted incorrectly in these circumstances or that it would be fair or reasonable for me to require it to remove the default from her credit file;
- I sympathise with Mrs A for the difficulties that she's described and the issues that the adverse information has caused her, but the default will remain on her credit file for six years so I consider that it's likely that it will be removed in November 2022; and
- I find that it wouldn't be fair or reasonable for me to require NewDay to remove any of the adverse information that it's recorded on Mrs A's credit file, to pay her any compensation or to take any other action in response to her complaint.

My final decision

My decision is that I don't uphold Mrs A's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs A to accept or reject my decision before 16 November 2021.

Jarrold Hastings

Ombudsman