

## The complaint

Mr C complains that NewDay Ltd trading as Aqua failed to update Mr C's credit file once the outstanding balance on his credit card was repaid in full.

## What happened

Mr C had an Aqua credit card which was included in a debt management programme. In July 2017 the defaulted debt was sold to a collection agency. Mr C settled the outstanding debt in full with the collection agent in June 2018.

It was only when Mr C applied to his bank for a re-mortgage, two years later, that he discovered Aqua hadn't marked the debt as settled but instead had continued to record missed payments. Throughout that two-year period, he'd also been turned down for a mortgage extension and online loan applications.

Mr C complained to NewDay in August 2020. NewDay accepted responsibility for the complaint. They said they should have stopped recording the debt on Mr C's credit file once they sold it on, and then the new owner of the debt would take over the credit file reporting. But in this case, NewDay continued to report missed payments after they'd sold the debt – alongside the reports made by the new lender. This meant the debt appeared on Mr C's credit file twice – incorrectly, in the case of NewDay's reports. This means that NewDay is responsible for this complaint even though they no longer owns the debt.

NewDay upheld the complaint and offered £85 compensation for the administration error. They advised Mr C's credit file had been amended following receipt of a data dispute from the credit reference agency in July 2020. When the debt had been sold on in June 2017, NewDay should have stopped reporting it to the credit reference agencies – but the historic entries would remain. Mr C felt the compensation offered wasn't a fair reflection of the distress and inconvenience caused so contacted us for help.

One of our investigators considered Mr C's complaint and agreed the compensation offered wasn't enough. The investigator recommended NewDay pay Mr C a total of £350 compensation. Both Mr C and NewDay rejected the investigator's findings and asked 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.

Having done so, I agree with the conclusions reached by the investigator – I'll explain why.

NewDay have agreed they made a mistake by not updating the status of the account correctly – so whether an error has been made isn't in dispute. What I need to consider is the impact this has had on Mr C and his financial needs.

Mr C says it was due to this *particular* entry on his credit file that he wasn't able to obtain

further lending. But from looking at Mr C's credit file I don't think this is likely to have been the case. Mr C has many adverse entries on his credit file which would have been highlighted to a lender when completing an application for credit. There would have also been other factors that would have been identified and influenced a lender's decision to supply credit such as, payday loans, debt collectors and defaults and a large number of recent credit applications. Mr C says that but for this loan, his credit score would have gone up more quickly. But even if that's true, the credit reference agency's score isn't something lenders take into account. It's just a guide for consumers. Lenders look at the full credit history, and each has their own way of taking into account what the record says.

We've asked Mr C for evidence that the NewDay entry was the specific reason applications were declined, but Mr C hasn't been able to show this. In the absence of that evidence, and having looked at his credit history, I think it's likely that even if NewDay hadn't continued to report missed payments, Mr C would have found it difficult to take out further credit.

I don't agree with Mr C's expectations of what compensation should be paid, as I don't think it's likely that this entry alone was the reason Mr C was declined credit. Even if NewDay had no longer continued to record missed payments after it sold the debt on, there were still a significant amount of other entries and information which would likely to have caused a lender to decline any further lending to Mr C.

However, Mr C has had to go to a lot of trouble and time to get this sorted out, and I don't think the £85 offered by NewDay is enough to reflect the trouble and upset caused. And even if I don't agree with him about the consequences of the error, I can see he's been very upset about it. I agree that £350 as suggested by the investigator is a better reflection of the distress and inconvenience caused.

### **Putting things right**

To resolve Mr C's complaint, NewDay Ltd trading as Aqua should pay Mr C £350 in total for the trouble and upset caused by NewDay's error.

### **My final decision**

My final decision is that the complaint should be upheld.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 20 October 2021.

Helen Giles  
**Ombudsman**