

The complaint

Mrs R complains about NewDay Ltd ("NewDay") for recording adverse information on her credit file and for its handling of her financial difficulties.

What happened

Mrs R had a number of credit cards, including an Aqua credit card and a Marbles credit card operated by NewDay.

She fell into financial difficulties and set up a repayment plan on these cards. She paid £30 per month from her Marbles card and £50 per month towards her Aqua card. Interest and charges were stopped at this time.

In late 2020, Mrs R contacted NewDay and explained that her circumstances had changed, and that her income had reduced. She explained that she was therefore unable to meet her repayment plan.

The agent she spoke to went through an assessment of her income and expenditure and agreed that she did not have sufficient disposable income to meet the repayments.

After a discussion, the agent agreed to change the repayment plan to £1 per month on each card. She explained that Mrs R would still receive regulatory letters and that the account would be reported as overdue. Mrs R agreed to the change in plan.

Mrs R received letters advising her that she needed to repay her arrears, or she would face defaults.

In early 2021, Mrs R made additional payments towards her credit cards to prevent defaults being registered. She then returned to higher repayments towards her debt, paying £10 and £30 per month respectively. Mrs R checked her credit file and saw that the months when she was on a £1 per month plan had been reported as late or missed payments.

Mrs R complained to NewDay. She felt that it had not been made clear to her when the plans were changed that late or missed payments would be reported on her credit file, and she thought that NewDay should not report this information. She also felt that NewDay had been unfair in requiring her to increase her payments in order to avoid a default.

NewDay responded not upholding Mrs R's complaint. It said that it had listened back to her call and that the agent had properly explained that there would be an impact upon her credit file of the change in plan.

Mrs R was not happy so came to us.

Our investigator did not uphold Mrs R's complaint. He listened to the recording of Mrs R's call and considered that this was clear, and that it matched the information given in NewDay's terms and conditions. He therefore did not recommend NewDay do anything further.

Mrs R did not accept this view and asked for an ombudsman 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 understand the difficulty Mrs R has found herself in, and how stressful a period this must have been. I have listened to the call from December 2020 and it is clear from that recording that Mrs R was facing very real difficulties through no fault of her own.

I should make clear that I have only considered the complaint as currently presented, which is about whether NewDay acted appropriately in its handling of the changes to Mrs R's payment plan and in sending her default notices. I have not considered other aspects of her lending and if Mrs R has any other concerns, she would need to raise these with the business.

I have read the view issued by my colleague and agree that NewDay provided sufficient information about how it would treat payments less than the minimum repayment, and that by amending the payment plan to £1 per month, this would result in information being reported to credit reference agencies.

I understand Mrs R's upset, but I cannot say that NewDay did anything wrong in this regard.

Similarly, in relation to NewDay sending default notices requiring that the arrears be settled, this was a reasonable action from NewDay, and was in line with the information given in the terms and conditions and during the December call.

As my colleague explained, we expect businesses to treat consumers positively and sympathetically when they are faced with financial difficulties and, from the evidence I have, it appears that NewDay did so.

As a result, I agree with my colleague's view and do not uphold Mrs R's complaint. I appreciate that this will be disappointing, but I hope it makes clear my reasons for reaching this view.

My final decision

For the reasons given above, I do not uphold Mrs R's complaint and do not ask NewDay Ltd to do anything further.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs R to accept or reject my decision before 4 November 2021.

Laura Garvin-Smith
Ombudsman