

The complaint

Mr M complains that he was given misleading information by NewDay Ltd.

What happened

Mr M says NewDay agreed a six-month payment plan with him and said he needed to make a payment by 25 July 2019. He says he did so and made the required six payments but NewDay told him he couldn't continue to use the account and that it made a mistake as the payment needed to be made before 25 July 2019. Mr M says he paid £300 for nothing and his credit report has suffered due to the default that NewDay unfairly registered. He would like the default removed and interest refunded.

NewDay accepts it made a mistake by giving the incorrect date and has paid £40 compensation. It says Mr M's account was in arrears from May 2019 and after the agreement ended, Mr M didn't make required payments. NewDay says the default was correctly registered and it sold the account in June 2020.

Mr M brought his complaint to us and our investigator upheld the complaint. The investigator thought NewDay made a mistake and misled Mr M. And also thought it unfair of NewDay to assume what would have happened if the correct information had been given. The investigator recommended NewDay pay a further £150 compensation and remove the default from Mr M's credit file.

NewDay doesn't accept that view and said the position would be different if Mr M repaid the balance.

My provisional decision

I issued a provisional decision and said as follows.

I said I didn't uphold this complaint and said there was no question here that Mr M's account was in arrears in July 2019 and that he had been told the account may default. I also thought there no question that NewDay agreed a six-month repayment plan with Mr M and told him the first payment needed to be made by 16.00 on 25 July 2019. I accepted Mr M made that payment and the required payments. So, I appreciated his frustration in those circumstances in finding out the account wouldn't be reopened and that he couldn't use it.

I was satisfied NewDay should pay compensation for that mistake which I can see it has. But the key part of this complaint is the registering of a default. I was satisfied that having told Mr M it was agreeing a repayment plan that NewDay acted unfairly by closing the account and by registering a default when it did. I said I find that NewDay made a mistake and it misled Mr M.

I said I had to fairly consider what took place when Mr M found out about the mistake. I was satisfied having looked at the account statements that Mr M owed NewDay well over £700 but that no payments were made from December 2019 to June 2020. So, I thought on balance that in those circumstances NewDay would have been entitled to have registered a

default in early 2020 in any event. I appreciated Mr M says he paid NewDay £300 for nothing, but I'm satisfied that he owed NewDay the money and that a default couldn't be avoided here.

I accepted the default should fairly have been registered in early 2020 but I also accepted that to ask NewDay to amend it wouldn't be in Mr M's best interests. I also accepted that if Mr M had repaid his debt or agreed a new repayment plan then I would have ordered the default be removed. But I couldn't see any evidence of such agreement or any attempt by Mr M to repay any of the debt.

Overall my provisional view was that NewDay made a mistake, but I didn't require it to remove the default from Mr M's credit file. I also thought the compensation NewDay had paid is fair and reasonable and that I couldn't see any evidence of a financial loss by Mr M as a result of what took place.

Mr M doesn't accept that view and in summary says he wasn't paid the £40 and says he didn't make any further payments as the debt was with a third- party company. He says it wasn't his fault what took place.

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 have come to the same overall view that I reached in my provisional decision and for the same reasons. I make clear to Mr M that NewDay credited his account with the £40. I also think that Mr M was obliged to repay his debt regardless if the debt was sold and that a default couldn't be avoided here as he didn't repay that debt.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 27 October 2021.

David Singh
Ombudsman