

The complaint

Miss H said she'd asked NewDay Ltd to cancel her card, and set up a payment plan for her. But she said it hadn't done that. Miss H wanted NewDay to remove all the interest and charges on her account from 11 January 2021, and set up the plan she'd asked for then.

What happened

Miss H said that she'd first contacted NewDay using the app, on 11 January, and asked it to set up a payment plan for her. But the alerts didn't work on her app, so she wasn't notified when she received a reply to her messages.

Miss H then wrote to NewDay with an offer of payment. She set out some information about her monthly expenditure, and initially offered £50. In a later letter, she said the most she could now afford was £40 per month.

Miss H wanted NewDay to waive all the interest and charges it had applied since she first asked it to close the card, on 11 January.

NewDay said it had sent Miss H two complaint response letters. The first one dealt with the problems she'd been having with the app, NewDay apologised for that and paid Miss H a gesture of goodwill of £10. NewDay said it had tried to ring Miss H to discuss her payment plan with her. It hadn't yet been able to speak to her, but would call again.

NewDay then wrote again on 4 March, to say that it understood Miss H didn't want to speak to it. It said in this letter that it had been able to put a payment plan in place with her, but it doesn't appear that this was actually done at this time, because NewDay also said it sent Miss H an income and expenditure form on that date. No response was received.

NewDay said it wouldn't remove the interest and charges which had been applied since January. It said those were valid.

Our investigator didn't think this complaint should be upheld. She said NewDay made a number of efforts to get in touch with Miss H. But Miss H didn't want to speak to NewDay.

NewDay also sent Miss H an income and expenditure form by post, but hadn't got any reply. Our investigator said NewDay's regulator requires it to assess Miss H's circumstances. And to do that it needs detailed information on her income and expenditure. Our investigator said that until Miss H provided this information to NewDay, it didn't have to remove interest and fees from her account.

Miss H didn't agree. She said she'd already provided her income and expenditure, in a letter to NewDay. And her complaint letters also recorded that NewDay hadn't been in touch. Miss H wanted to see all the letters and call recordings, so she could disprove what NewDay had alleged. When these were sent to her, she said she couldn't open them. She hasn't responded to our service's request for a different format that she would find easier to use.

Because no agreement was reached, this case was passed to me for a final decision.

My provisional decision

I issued a provisional decision on this complaint and explained why I proposed only to uphold it in part. This is what I said then:

Although Miss H did previously indicate she wanted to comment further on the evidence NewDay has offered, it doesn't seem as if she still wants to do that. And I think the key evidence in this case is the evidence that Miss H has supplied herself – in particular the information she shared with NewDay about her income and expenditure. So I think I can fairly provide a provisional decision on this case now.

Miss H first attempted to discuss a payment plan with NewDay using its chat facility. This doesn't appear to me to be well placed to set up a payment plan, and I think it would've been helpful if Miss H had been told from the start that NewDay was likely to want to talk to her.

Miss H persisted with the app for some time, then she wrote to NewDay. She's taken the view that she sent NewDay enough information for it to set up a plan, because she told it her approximate income, and listed expenditure. She thinks it should then have set up a plan, and backdated this to 11 January, when she first asked it to help.

I can see that at one point NewDay said it had set up a plan for Miss H, but it hadn't. It says it didn't have enough information to do so.

I know that Miss H has repeatedly said that she'd given NewDay all the information it needed to set up her plan, and had provided income and expenditure information. But I don't think that the information Miss H has provided was enough for NewDay to set up a plan for her.

Miss H told us she'd set out what she could afford. But I still think that a detailed consideration of Miss H's income and expenditure was important. NewDay would know that people in financial difficulties often overestimate how much they can pay towards a debt. So NewDay would want to look closely at what Miss H could afford, and it would want to make sure it wasn't asking for too much money.

And there's another reason why it would be helpful for NewDay to talk to Miss H. A plan can have an impact on Miss H's credit file, so NewDay needs to explain any impact to Miss H. I think that is usually best done over the phone.

But I can see that NewDay also offered to do this by post, if Miss H wanted to complete the relevant forms. I haven't seen anything to suggest that Miss H has completed these. So I don't think NewDay had to put a plan in place for her.

I do think that there have been instances where NewDay could have provided better service to Miss H. I think it might have helped if she was told early on that she would probably need to speak to NewDay to set up the plan she wanted. And I don't think she should have been told NewDay had set up a plan for her, when what it had actually done was sent an income and expenditure form by post, for her to complete. I think NewDay should pay Miss H £100 for the impact of these lapses in service.

But I don't think that NewDay has to remove all the interest and fees on Miss H's card, back to 11 January 2021. I've explained why I think that NewDay was right to say that Miss H would need to give it more information before it could set up a plan.

I can see NewDay did try to work within the app initially, but Miss H apparently wasn't seeing notifications to say that NewDay had asked her questions there. And it told us it has called her, but she hasn't wanted to discuss payment onto her account. NewDay has told us it made repeated efforts to contact Miss H. And I do not simply rely on what NewDay says here – Miss H also told us that she'd been "*bombarded*" by efforts to contact her about her account. Whilst it is likely that some of those contacts were requests for payment, I do think it is likely that NewDay has repeatedly tried to get in touch with her about her plan.

For those reasons, I don't think that NewDay has made a mistake by not setting up a plan on 11 January, or shortly thereafter. And I think it did what I would expect it to do, in terms of trying to get in touch with Miss H to get the extra information it needed, to set up a plan for her. So I don't think NewDay has to make the refunds that Miss H wants now. I know Miss H will be disappointed, but I don't think this part of her complaint should be upheld.

I invited the parties to make any final points, if they wanted, before issuing my final decision. Both parties replied.

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.

Miss H said that she was sending us proof that she'd provided a detailed income and expenditure to NewDay. She said she knew this was received and placed on its system. Miss H attached a letter dated 16 March 2021, which she has sent to our service before, and which I considered before reaching my provisional decision in this case.

The letter Miss H showed us doesn't contain the level of detail that I would expect to see in an income and expenditure assessment. I also note that it's not consistent with other information on her income and expenditure that Miss H had sent to NewDay. On 13 February she provided some information on her monthly expenses to NewDay, and included there rent of £550. But only a month later, she records her rent as £500 per month.

It is of course possible that Miss H's rent had changed during this time. But I would expect NewDay to have noted this inconsistency, and I'd also expect it would want to resolve it before setting up a plan for Miss H, as well as to gather the more detailed information which I would normally expect NewDay to consider before assessing what Miss H could afford. So I still don't think NewDay had to set up a payment plan in response to Miss H's letter.

NewDay said it had understood that I'd provisionally decided it didn't make a mistake by not setting up a payment plan on 11 January 2021 or shortly thereafter. But I'd asked NewDay to pay Miss H £100.00 in compensation because I thought there were instances where NewDay could have provided better service to Miss H as follows:

- When Miss H was trying to use its messaging service, NewDay could have told her she would probably need to speak to us to set up a payment plan.
- NewDay told Miss H that a payment plan was set up for her when instead an income and expenditure form had been issued by post.

NewDay said Miss H initially contacted it on 11 January through the messaging service. She wanted her card to be cancelled and a payment plan to be set up. NewDay said it has accepted that she experienced issues, has apologised and compensated her with £10.00.

NewDay says that the messaging service shows Miss H was advised to call NewDay on 20 January 2021, seven working days later. NewDay said although it appreciated this caused Miss H some inconvenience, her monthly statements and letters sent in December 2020 had NewDay's phone number. NewDay said that, as Miss H struggled to use its messaging system, she could have called NewDay when she found this system problematic. Her call would have been transferred to the Customer Care Team, and a staff member could have gone through her income and expenditure details over the phone and set up a payment plan.

NewDay said it wasn't suggesting Miss H didn't experience problems with its messaging service. But it did feel that she could have done more to mitigate the delays she experienced.

I understand the point that NewDay makes here, but I think that in the situation Miss H described, NewDay was always likely to want to speak to her about her income and expenditure. So I still think it would have been helpful for NewDay to set this out at the start.

NewDay also said that it couldn't see any evidence that it had told Miss H that a payment plan was set up for her. It wanted me to set out when this happened.

NewDay's final response letter, dated 4 March 2021, said *"I understand our Customer Care team has now made contact with you, and a £50 a month payment has been agreed."* But the notes from its collections team show that Miss H spoke to it briefly on that date. She didn't want to provide income and expenditure information over the phone, and asked NewDay to accept her previous offer of £50. She also asked NewDay to respond to this offer in writing. But those notes also show that NewDay then decided not to accept this offer, and an income and expenditure form was posted to Miss H, on this date.

So I do think NewDay told Miss H a plan was agreed, when it wasn't, and that was unhelpful.

I've considered the further points that both Miss H and NewDay have made, but I haven't changed my mind. I'll now make the decision I originally proposed.

My final decision

My final decision is that NewDay Ltd must pay Miss H £100 in compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 1 November 2021.

Esther Absalom-Gough

Ombudsman