

The complaint

Mr G complains that NewDay Ltd trading as Debenhams Mastercard (“NewDay Ltd”) incorrectly recorded he had missed payments on his account even though he was granted a payment holiday.

What happened

Mr G says he tried to carry out a balance transfer with a lender but this was declined as there was adverse information on his credit file. Mr G then checked his credit file and noted NewDay Ltd had reported to the Credit Reference Agencies (“CRAs”) that he had missed payments despite agreeing to a three-month payment holiday. So, Mr G complained.

NewDay Ltd responded and said they could see Mr G already had a payment holiday but contacted their Collections Department in July 2020 to ask for a payment holiday extension and this was confirmed with him and a payment holiday was agreed until October. They said, due to delays by their Collections Department, the payment holiday wasn’t applied to Mr G’s account until later in July – this being after the previous extension period had expired. This meant they reported late payments on his credit file. NewDay Ltd apologised and explained they had asked for all adverse information recorded on Mr G’s credit file to be removed. They also offered £135 compensation for the trouble and upset caused.

Our investigator looked into things for Mr G. She thought NewDay Ltd’s offer to put things right was reasonable and wouldn’t be asking them to do anything further. Mr G disagreed so the matter has come to me for a 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’ve decided NewDay Ltd’s offer is a fair way to resolve matters. I understand Mr G will be disappointed by this but I’ll explain why I have made this decision.

Firstly, I’ve looked at the service given to Mr G. The key facts about the complaint aren’t in dispute. NewDay Ltd have admitted they got things wrong when they didn’t apply the agreed payment holiday extension in time and this led to Mr G’s credit file showing arrears for three months. The only issue I have to decide is whether the steps they’ve taken to put things right are fair and reasonable.

I think it’s right that NewDay Ltd should compensate Mr G for the distress and inconvenience caused by their poor service. Mr G was clearly upset and worried when he found out there were arrears showing on his credit file even though NewDay Ltd had agreed an extension to his payment holiday. The shock of learning this led Mr G to complain.

Mr G’s concern is evident from this phone call with NewDay Ltd. So, while I think it’s fair and reasonable for NewDay Ltd to pay compensation, I’ve considered the impact this error had on Mr G.

The arrears were recorded for July to September 2020, but I can't say Mr G was impacted by this throughout the three-month period. Mr G wasn't aware of this until he says another lender declined his request for a balance transfer. I accept the news about there being adverse information on his credit file did cause shock to Mr G as it wasn't something he was expecting. There was then inconvenience in having to contact NewDay Ltd to find out how this had happened. I can see that, once NewDay Ltd were told about the issue in October, they did deal with the matter promptly. During the phone call, they accept they have made an error and take appropriate steps to raise a complaint. They give Mr G assurances about how they would look to put things right by correcting the information showing on his credit file. Then, the following day, they confirm they have taken steps to remove the adverse information and offer compensation of £135. So, while it's clear there was initial shock, worry and inconvenience, I think this was over a limited period of time. And, once notified of the issue, NewDay Ltd acted swiftly in resolving the issue.

Mr G says he applied for a balance transfer with another lender but this was declined on the basis of the adverse information recorded by NewDay Ltd. I can see NewDay Ltd have said they will review the compensation offer if Mr G is able to provide any evidence of the balance transfer declinature causing Mr G any financial loss in excess of the compensation they have offered. I have considered this, but I don't think I can fairly attribute the declinature solely down to NewDay Ltd's reporting. It might well have been a factor, but I can't say it was the sole reason as I haven't seen any evidence from the lender confirming this. I haven't been provided with any information which shows what data the lender took into account when considering Mr G's application.

I can see Mr G says, after he found out about the adverse information on his credit file, he decided to take out a credit report subscription for £14.99 per month. Mr G says he's committed to this for six months now and doesn't feel the compensation offer is fair given he will end up paying nearly £90 for the subscription. I do understand why Mr G was anxious to view his credit report and I think it's a natural response to being told it contains adverse information. But, as NewDay Ltd have pointed out, there are multiple companies that offer free access to credit reports. A free statutory credit report is available from the CRAs and this contains information including any missed payments – and this is what Mr G wanted to know. So, given this is a service which has been available for free since 2018 and would've given Mr G the information he was after, I can't fairly ask NewDay Ltd to meet the cost of the subscription.

Mr G's credit file still shows a query/dispute which has been registered by NewDay Ltd. Mr G says this led to another lender, firstly reducing his credit facility, and then closing his account. I can see our investigator has asked for evidence showing the query/dispute is the reason why the other lender has taken these steps but I can't see Mr G has provided this information. I can see Mr G says the lender has told him they don't need to give him a reason for closing his account. He also says they mentioned to him that he hadn't been using his account.

NewDay Ltd confirm they have registered a query and explain this was done following Mr G's complaint in October. They say a marker was placed on Mr G's account to show it was under query but it's up to the CRAs how they interpret the marker. NewDay Ltd then removed this marker after they issued their final response to the complaint and reapplied this in December following Mr G's complaint to our service. They say this will be removed once the complaint has been finalised.

NewDay Ltd have referred to guidance from one of the major CRAs regarding the use of Q markers and has also given us further information about the process they follow when a complaint is raised about an account. The guidance says "*Where a query exists on an account, ...the record should be flagged with the letter Q...*"

NewDay Ltd say the fact that a complaint has been referred to our service is evidence of a dispute - in this case - Mr G being unhappy about the adverse information reported on his credit file. So, taking this into account, and given the facts in this case, I can't say they have acted unreasonably. NewDay Ltd say this will be removed once the complaint has been finalised.

In summary, I think NewDay Ltd have made an error here and I think their offer of £135 compensation is a fair and reasonable way to resolve this complaint.

My final decision

NewDay Ltd trading as Debenhams Mastercard have already made an offer to pay £135 compensation to settle the complaint and I think this offer is fair in all the circumstances.

So my decision is that NewDay Ltd trading as Debenhams Mastercard should pay £135 to Mr G, if they haven't done so already.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 18 December 2021.

Paviter Dhaddy
Ombudsman