

The complaint

Miss A complains that NewDay Ltd should have defaulted her account between 2009/10 but didn't do so. She would like a default applied from October 2009 and compensation.

What happened

The details of this complaint are well known to both parties, so I won't repeat them again here. Instead I will focus on giving the reasons for my 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.

- It's disappointing that NewDay hasn't responded to our investigator's view. But as this view went out in June 2021 and our investigator has been chasing a response since then I think it's only fair to Miss A that I go ahead and make my final decision.
- I can't hold NewDay responsible for the current management of Miss A's account and any credit file issues since her account was passed to another company. Miss A will have to complain direct to those companies if she feels that is appropriate.
- With no significant information from NewDay on Miss A's account I only have the information that Miss A has provided to consider. But I am persuaded that Miss A's financial difficulties over 2009/10 resulted in her entering into a debt management plan through an external agency. And that she made her financial situation known to NewDay at the time.
- Given Miss A's financial situation I think it would have been reasonable to expect NewDay to have applied a default by 2010 and certainly by the time her account transferred to another company.
- Miss A has told us that not applying the default has negatively impacted on her credit file. I am not sure I agree with that since a default itself is usually considered negative information on a credit file. She is also concerned of the impact of any future default if she falls behind with her payments. We wouldn't normally consider problems that haven't yet arisen. However, the fact the default wasn't applied by NewDay when there were grounds to do so is clearly an issue for Miss A which has and is causing her some considerable stress. I think the £150 compensation that our investigator has suggested is reasonable in the circumstances given the effort Miss A is now having to make to try to resolve this.

My final decision

My final decision is that I uphold this complaint.

In full and final settlement NewDay Ltd should pay Miss A £150 compensation for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 3 December 2021.

Bridget Makins
Ombudsman