

## **The complaint**

Miss C is unhappy that NewDay Ltd wouldn't give her a payment holiday on her account or provide her with the means to enable a cash payment to be made.

## **What happened**

Miss C contacted NewDay in August 2019 because she was struggling to meet the contractual payments required on her NewDay credit account. NewDay agreed to a payment holiday on Miss C's account for three months, until November 2019. This payment holiday was then extended at Miss C's request for a further three months, until February 2020.

In April 2020, in response to the emerging Covid-19 pandemic, the Financial Conduct Authority (FCA) issued temporary guidance to credit providers surrounding the provision of three-month payment holidays to customers who met certain criteria. Miss C applied for such a payment holiday, but NewDay declined to provide one to her at that time.

Miss C wasn't happy about this, and she also wasn't happy that when she asked NewDay to provide her with the means to enable her to make a cash payment towards her account, NewDay were unable to do so. So, she raised a complaint.

NewDay looked at Miss C's complaint, but they didn't feel that Miss C had been eligible for a further three-month payment holiday when she'd requested one, and they also noted that they didn't have the facility to provide Miss C with the type of payment slip that would have enabled her to make a cash payment. As such, NewDay didn't uphold Miss C's complaint.

Miss C wasn't satisfied with NewDay's response, so she referred her complaint to this service. One of our investigators looked at this complaint, but they also felt that NewDay hadn't been obliged to provide the further payment holiday that Miss C had requested or the type of payslip that Miss C had wanted, and so they also didn't uphold this complaint.

Miss C remained dissatisfied, so the matter was escalated to an ombudsman for a final 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 can appreciate how Miss C may have believed that the guidance issued by the FCA in April 2020 meant that she should have been entitled to a three-month payment holiday at that time. However, the purpose of the guidance issued by the FCA in April 2020 was to protect consumers who had until that time been able to make the repayments required on their credit accounts without issue but who were in danger of having their credit file impacted solely as a result of financial difficulties brought about by the Covid-19 pandemic which was emerging globally at that time, and which had led to the implementation of a UK nationwide lockdown and restrictions on many forms of employment.

As such, one of the criteria included in the FCA guidance was that to be eligible to receive such a three-month payment holiday, the applicant must not have had any recent prior financial assistance from their credit provider. And because of this, given that Miss C had recently benefited from two consecutive three-month payment holidays provided by NewDay, I'm satisfied that NewDay didn't act unfairly or unreasonably towards Miss C by declining to provide the further payment holiday requested by Miss C at that time.

However, the guidance issued by the FCA in April 2020 didn't ignore the plight of consumers such as Miss C who had previously received financial assistance from their credit provider but who now found themselves in financial difficulty because of Covid-19, and the guidance stipulated that while these consumers weren't eligible for the described three-month payment holidays, credit providers should offer such customers other forms of financial assistance where appropriate.

NewDay appear to have done that here, and I say this because it's evident that NewDay asked Miss C to provide details of her income and expenditure which confirmed that Miss C had a minimal amount of disposable income available to her at that time. It's also evident that NewDay accepted an offer made by Miss C to pay £1 per month towards her account and that they suspended interest and charges on Miss C's account while that payment plan was in place.

This feels fair to me, and I find it difficult to conclude that NewDay acted unreasonably towards Miss C by placing her on such a payment plan, given Miss C's circumstances at that time and her ineligibility for the three-month payment plan for which she had initially applied.

I'm aware that Miss C is unhappy that, following the agreement of the £1 per month payment plan, she received a letter from NewDay advising that NewDay would be defaulting her account and reporting it as such to the credit reference agencies if the arrears on the account weren't cleared by 9 June 2020.

Credit providers have an obligation to make accurate reports to the credit reference agencies. And, in circumstances where an amount of arrears has accumulated on an account and remained for some time, and where the known financial position of that customer is such that it's considered that there is a low probability of that customer being able to clear those arrears in the foreseeable future – both of which were the case in this instance – it is considered appropriate that such an account be considered as being in default and reported to the credit reference agencies as such.

This means that in this instance, even though NewDay had agreed to a £1 per month payment plan, given that the account had already been in arrears for some time at the time that the plan was agreed, this plan didn't preclude the possibility that the account may be defaulted if the balance of the account continued to remain or fall further into arrears.

Miss C has stated that in response to receiving the Default Notice she contacted NewDay and offered to make a £1,000 payment towards the account but asked that NewDay provide her with payslips to allow the payment to be made in cash. And Miss C has stated that the reason that she asked to be enabled to pay in cash was because her current account was overdrawn and she was concerned that if she paid the money into her current account it would be used by her bank to reduce the overdrawn balance on that account, and so wouldn't be made available to her to be able to make payment against her NewDay account.

I can appreciate Miss C's position here, but NewDay have confirmed that they don't have the facility to provide the specific type of payment slips that Miss C asked for. And while I can understand why Miss C wanted to make the payment in the specific manner that she did, NewDay aren't obliged to accept payment in that specific manner.

It also must be noted that NewDay do accept payment by several different means, and while I understand that Miss C's financial circumstances at that time made making payment by those means difficult, I don't feel that Miss C ultimately not making the payment to NewDay was as a result of any error or unreasonable omission made by NewDay, but rather was because of Miss C's inability to make the payment by any of the other means available to her – and therefore isn't something that I would consider holding NewDay accountable for.

All of which means that I find it difficult to conclude that NewDay have acted in any way unfairly or unreasonably here, and it follows from this that my final decision will be that I won't be upholding this complaint or instructing NewDay to take any further action at this time.

I realise that this won't be the outcome that Miss C was wanting, but I hope that she'll understand, given all that I've explained, why I've made the final decision that I have.

### **My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 1 February 2022.

Paul Cooper  
**Ombudsman**