

The complaint

Mr W complains that NewDay Ltd charged him interest and late payment fees on money he doesn't believe he owes. He would like all fees and charges refunded, his credit file amended and compensation for the distress and inconvenience.

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.

Having done so I agree with the conclusions reached by our investigator for the following reasons:-

- I appreciate NewDay's points that its credit card statements and terms and conditions say how payments are to be made listing a variety of payment options with no reference made to credits from trading accounts as being an option
- However, from the statements I have seen Mr W made three transfers of significant sums (several hundred pounds) in March and April 2021 – considerably more than his contractual minimum payments. I think Mr W's intention was clear in that these payments were to reduce his balance. And whilst NewDay's documentation doesn't specify transfers from trading accounts can be used to cover minimum payments it doesn't say its list of payment methods is absolute. So, I think Mr W could have reasonably thought such a payment would be acceptable.
- Whilst the way Mr W made the payments might have automatically generated late payment fees and interest It seems unreasonable to me that NewDay didn't accept the payments Mr W made as covering the minimum payment due when he became aware of the situation and raised it with NewDay. It seems harsh, given the substantial payments Mr W made, for NewDay to have charged fees which then impacted on Mr W's credit file. I think it's reasonable to remove the fees and charges and amend Mr W's credit file. I also agree with our investigator's recommendation of £200 for distress and inconvenience of dealing with this issue

My final decision

My final decision is that I uphold this complaint.

In full and final settlement NewDay Ltd should:-

- remove all fees and charges connected to the payments made from Mr W trading account that were treated as credits rather than contractual minimum payments.
- amend Mr W's credit file to remove any negative information recorded linked to these payments

- advise the debt collection agency that the issue that led to its involvement has been resolved;
- pay Mr W £200 to recognise the inconvenience when he tried to resolve the issue and the distress the issue caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 20 December 2021.

Bridget Makins
Ombudsman