

## **The complaint**

Mr D complains that NewDay Ltd unfairly recorded adverse information on his credit file.

## **What happened**

Mr D says he agreed a repayment plan with NewDay in 2014 and it recorded late payment markers on his credit file. He says those markers were recorded until 2018 when he completed the payment plan. Mr D says that was unfair and NewDay ought to have either registered a default on his credit file or recorded the payments as being on time.

NewDay says it agreed a number of payment plans with Mr D from 2014. It says it reported the correct information to the Credit Reference Agencies (CRA's) that there were late payments as Mr D was repaying less than he was required to do. NewDay says it didn't register a default as Mr D's account didn't reach 180 days of arrears. It says it agreed a partial settlement with Mr D in 2018.

Mr D brought his complaint to us and our investigator upheld the complaint. The investigator thought the late payment markers had a serious impact on Mr D's credit file and NewDay ought to have recorded a default on it. The investigator also thought the information had a negative not positive impact on the credit file.

NewDay doesn't accept that view and maintains it has obligation to record accurate information on a credit file.

## **My provisional decision**

I issued a provisional decision on this complaint and said I provisionally didn't uphold it.

I said I was satisfied that NewDay was obliged to report accurate information to the CRA's and doesn't have a discretion in doing so. And the importance of that information is to allow lenders to assess for example the affordability of a loan or credit.

I looked carefully at NewDay's records and I didn't think there was any dispute that Mr D was in financial difficulties from at least 2014 on. I could see that NewDay tried to help Mr D by agreeing a number of repayment plans with him and that it didn't default his account. I thought that had NewDay registered a default on Mr D's account then that would have had a more significant impact than the recording of late markers. I didn't think NewDay made a mistake by recording those late payment markers as I was satisfied Mr D was making payments less than the contractual required amounts. And I made clear that NewDay was obliged to reflect the agreement on Mr D's credit file. I could see that one CRA has recorded the arrangement as a plan whereas others have recorded late payments markers. I thought the overall outcome was the same and in any event it's up to individual CRA's how they record this type of information.

I appreciated Mr D says NewDay ought to have registered a default on his credit file as that would now have expired. The Information Commissioners Office says a default should be recorded where a relationship has broken down and says that would be within 3 to 6 months

of arrears.

I looked at NewDay's records and was satisfied that Mr D made regular payments that meant his account didn't ever reach 180 days of arrears and that it was clear the relationship between him and NewDay hadn't broken down. I said that as NewDay agreed a plan with Mr D and he kept making regular payments. So, I didn't think NewDay ought to have registered a default in those circumstances.

Overall, I was satisfied NewDay tried to help Mr D avoid a default in 2014 by agreeing repayment plans with him. I was satisfied that the test is not if information on a credit file had a negative or positive affect on a credit file but if it's accurate. I made clear that I provisionally found the information NewDay reported to the CRA's was accurate and reflected its agreement with Mr D. And if NewDay hadn't reported the late payments or the existence of a debt repayment plan then I didn't think other lenders would be able to make a fair assessment of Mr D's credit worthiness.

Mr D has replied to my provisional view and says his account was in arrears for far longer than 180 days and closer to 20 months. He says NewDay either should have registered a default or has recorded inaccurate late payment markers.

NewDay says Mr D's agreement meant that he made close to the required payment amount which had to be reported to the CRA's. It says as a result of him making the payments then his account didn't reach the 180-day arrears which would have led to a default being registered. It also confirms the account was settled.

### **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 have come to the same overall view that I reached in my provisional decision and for the same reasons.

I think it possible that there is some confusion here about account arrears and appreciate why Mr D says his account was in arrears for 20 months. I'm satisfied that his account was subject to an agreement which meant it had to be reported to the CRA's as late payments. And that agreement was in place for the 20 months or so. I have made clear that accurate information has to be provided to the CRA's. The arrears are a separate issue and I can see from NewDays records that as Mr D made payments under the plan close to the minimum required amount that the arrears didn't exceed 180 days in total. The effect of that was that NewDay didn't register a default on Mr D's account.

So, I don't think Mr D's account was in arrears for 180 days and was not in arrears for over 20 months as he says. A plan was in place for well over 20 months which is a separate issue.

Overall, I'm satisfied that NewDay hasn't made a mistake by correctly reporting to the CRA's that Mr D wasn't making the full payments and also didn't make a mistake by not registering a default as the account didn't justify such action.

### **My final decision**

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or

reject my decision before 22 March 2022.

David Singh  
**Ombudsman**