

## **The complaint**

Mr V is unhappy with how NewDay Ltd dealt with him, when he contacted it to explain he was in financial difficulties.

## **What happened**

Mr V has explained that he's been experiencing financial difficulties. This meant he wasn't able to maintain the contractual payments he had on a credit card he held with NewDay.

Because of this, Mr V wrote to NewDay on 30 July 2021, explaining he wasn't able to keep up with his contractual payments any longer, and would need to set up a repayment plan with it instead. In this letter Mr V offered to pay £1 a month towards the balance of the credit card, for an indefinite period. And he provided NewDay with a completed income and expenditure form, detailing his current financial commitments.

At this stage, Mr V also told NewDay that he would like all communication to be in writing. However, Mr V has said he didn't get a written response. But instead there was information within his online account with NewDay, that thanked him for speaking to it, and asked him to give it a call. This concerned Mr V – because he hadn't spoken to NewDay at all. And he had specified that he didn't want to.

In addition to this, Mr V was concerned that there was no comment on his suggested repayment plan. So, he wrote to NewDay again, reiterating his offer. In response he said NewDay, within his online account, said it had put a freeze on this account – but said nothing more about the repayment plan he needed to set up. So, Mr V raised a complaint about the matter.

Mr V later received a letter from NewDay, dated 1 September 2021, responding to his concerns. It confirmed receiving Mr V's request for a repayment plan of £1 a month. But it said that Mr V's communications didn't provide sufficient information about his financial difficulties for it to set up a repayment plan. It needed to understand more. NewDay said it had placed a hold on his account until 5 September 2021 and noted that the customer care team would give Mr V a call to discuss the situation. It also said if Mr V preferred to phone them instead, he could call them himself.

NewDay has said it attempted to call Mr V on 6 September 2021 but was unsuccessful. So, it again asked Mr V to call it, to discuss the way forward.

Mr V was dissatisfied with this. He's highlighted to this service that he didn't want any communications over the phone, but instead in writing, as he felt NewDay might apply pressure to him about paying his credit card whilst on the phone. And he said that he'd provided NewDay with sufficient information, within his income and expenditure form, for it to be able to set up a repayment plan.

Because Mr V remained dissatisfied, he referred his complaint to this service for an independent review.

Following this, NewDay wrote to Mr V and explained his credit limit would be decreasing based on his payments on the credit card being overdue. And, it sent Mr V a letter on 27 September 2021 noting it was able to offer some help to Mr V. My understanding being that this was because the parties hadn't spoken about the next stages in dealing with Mr V's credit account.

NewDay said:

- It had put a payment holiday in place for Mr V – which would end on 20 January 2022. This meant the contractual monthly payments until that time were £0. And Mr V wouldn't be able to use the card during this time
- No fees or charges will be applied to the account during the payment holiday
- It would contact Mr V towards the end of the payment holiday to understand his circumstances
- That following the payment holiday Mr V would need to at least start paying his contractual monthly payments again, and would need to repay any overdue amounts immediately
- It also highlighted that overdue payments would show on Mr V's credit file and would continue to do so throughout the payment holiday.

On 2 December 2021, during this payment holiday, Mr V wrote to NewDay again. He attached an updated income and expenditure form and noted that given the rise in the cost of living, he now was £65.90 short of being able to afford his outgoings every month – let alone pay any credit commitments. But he remained of the position that he would like a repayment plan of £1 a month set up.

Our investigator considered this complaint but didn't think it should be upheld. They said that NewDay needed to treat Mr V positively and sympathetically on learning of his financial difficulties, and they felt NewDay had done this, but didn't have enough information to set up a repayment plan, without talking to Mr V. So, they didn't think NewDay had acted unfairly in this case.

Mr V didn't agree. He said the situation wasn't acceptable, given his financial circumstances, and that he wasn't able to repay the loan. Mr V highlighted that he was at his wits end, and he thought that NewDay were supposed to try and make affordable repayments arrangements – which hadn't happened here.

Mr V also noted that:

- He had the right to be dealt with in writing, rather than over the phone, and this hadn't happened
- NewDay did have sufficient information on his circumstances, given the income and expenditure forms he'd provided
- The payment holiday put in place wasn't really a payment holiday, because he would owe large sums of money at the end of it

Because Mr V didn't agree, this complaint has been referred to me to decide.

I issued a provisional decision on this complaint, detailing my thoughts. In this I said:

*“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’m currently minded not to uphold this complaint. I appreciate Mr V feels strongly about the matter, and so this will come as a disappointment to him. But I’ve explained my reasons below.*

### **Support with financial difficulties**

*As above, Mr V contacted NewDay in July 2021, to explain he was experiencing financial difficulties, and so was struggling to repay what he owed to it. As Mr V had explained he was struggling to pay, I would expect NewDay to act in line with the rules, guidelines and standard industry practice when dealing with customers in financial difficulties.*

*The rules, which can be found in The Consumer Credit Sourcebook (CONC), explain that a firm must treat customers in financial difficulties with forbearance and due consideration. When acting with forbearance and due consideration I would expect a lender to make sure it had a good understanding of the situation a consumer found themselves in, and make sure it had considered all relevant options, before agreeing how best to support its consumer in financial difficulties.*

*Often this will mean needing to discuss a situation with a consumer or requesting further information from them. So, I’ve thought about whether NewDay acted in line with this, and I currently think it did.*

*NewDay has said the information Mr V provided within his letter of 30 July 2021, and the income and expenditure form he provided, weren’t enough for it to make sure it acted in line with the above duty. It has said it needed more information before it could decide how best to support Mr V in his circumstances. And having looked at the letter and income and expenditure form, I don’t think NewDay’s approach was unfair at this stage – I think it did need to know more, before it could put any agreement in place with Mr V.*

*The income and expenditure form shows that Mr V had 14 creditors, including NewDay – with a total of £106,419.17 owed. The account with NewDay that Mr V was seeking a payment plan for was a small part of this total debt – with Mr V owing NewDay £2,710.50 on this account. And the form showing that with paying £0.12 to NewDay for this account Mr V would only be left with a disposable income of £9.23 each month, which is low.*

*Mr V was proposing to pay more than the £0.12 the income and expenditure form noted. He was proposing £1 a month, indefinitely. This meant leaving him with even fewer disposable funds - £8.35. And, on the capital of the debt alone, if Mr V’s suggested repayment plan was put in place for an indefinite period, it would take him over 18 years to repay.*

*It isn’t usual for lenders to put an agreement in place indefinitely, given that circumstances can change. And given the level of debt Mr V had, the low disposable income, and the amount of time it would take Mr V to pay back the debt, I think it was reasonable for NewDay to ask to talk to Mr V and seek more information, before making any decisions about repayment. So, I’m minded to find that it didn’t acted unfairly by not putting in place the payment plan Mr V suggested, at least at this stage. I’m satisfied it was acting in line with its duty of forbearance and due consideration in waiting to talk to Mr V before making a decision.*

*I’ve also thought about what NewDay did in the meantime, whilst awaiting to speak to Mr V. From looking at screenshots of NewDay’s internal systems I can see that on 6 August 2021, on reviewing Mr V’s letter, it placed a ‘hold’ on his account – so that collections activities*

*didn't start. I think this was fair for NewDay to do, so as not to increase any pressure on Mr V, and allow Mr V and itself time to discuss the issue at hand.*

*I understand that after NewDay responded to Mr V's complaint, it tried to give him a call to discuss the matter. But this wasn't successful. So, I can see it again asked Mr V to give it a ring to discuss the matter. I think this seems fair – as it would allow the parties to talk about the situation, and for NewDay to explain, in light of that conversation, any further information it needed before making a decision on how to support Mr V.*

*In addition to this, I'm aware that NewDay sent Mr V a letter, on 27 September 2021, noting it had provided him with a payment holiday. The payment holiday was from 25 September 2021 until 20 January 2021. I also think this treated Mr V fairly. It again recognised that NewDay hadn't been able to talk to Mr V at that stage – and it provided some breathing space for this to happen. And whilst NewDay hadn't been able to speak to Mr V on the phone, the letter made it clear to Mr V what a payment holiday entailed, explaining that Mr V wouldn't need to make any payments at all until the end of the payment holiday. And that all interest and charges would be frozen until that time.*

*The letter sent to Mr V about this payment holiday did also highlight the date in which the payment holiday was due to end – and what would happen at that stage. So, it made sure Mr V knew what he needed to do next. And that Mr V was aware NewDay could discuss his circumstances and any support needed then.*

*Mr V's payment holiday has now ended. And NewDay has provided a copy of a letter it sent to Mr V on 10 January 2021, highlighting it was due to end, and to contact it if he wouldn't be able to make the relevant payments. It's my understanding that Mr V hasn't contacted NewDay in respect of this. But, if he hasn't, he may wish to do so, so that the best next steps for Mr V can be considered in terms of this debt.*

*In summary, I'm currently satisfied that NewDay has acted fairly in seeking to speak to Mr V further – before putting in place any repayment plan – including the one Mr V suggested in July 2021. And so, I don't find it did anything wrong in this respect.*

### **Method of communication**

*Mr V did clearly specify, in his communications, that he wanted all contact to be in writing. He has told this service this was because he was concerned that NewDay would put pressure on him to make payments that he couldn't. I've thought carefully about what Mr V has said here.*

*I do think that when NewDay sent letters asking Mr V to call it, it could have provided an explanation around why this was needed. I think this may have reassured Mr V of the purpose of the call. But ultimately, I don't currently think NewDay acted unreasonably in asking Mr V to speak with it on the phone.*

*I can't see anything to suggest that NewDay was looking to apply pressure to Mr V, or had given him that impression. Or that there was any specific circumstance that meant Mr V wasn't contactable via phone. I think it's most likely the case that NewDay were seeking to efficiently discuss the situation with Mr V, to establish the best next step to take. And although it could have explained the reason for wanting a call initially, it did explain its intentions in response to Mr V's complaint – within its letter of 1 September 2021. So, I'm satisfied there isn't anything further NewDay needs to do in this regard."*

Neither party responded to my provisional 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, my decision remains the same as that noted in my provisional decision. As above, I haven't received any comment or evidence from either party, that changes my thoughts on the outcome of the case, or the reasoning around this outcome. As such, my final decision remains the same as noted in my provisional decision.

### **My final decision**

Given the above, my final decision is that I don't uphold this complaint about NewDay Ltd. So, I don't require it to do anything more in relation to this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr V to accept or reject my decision before 31 March 2022.

Rachel Woods  
**Ombudsman**