

## The complaint

Mr D complains that NewDay Ltd trading as on his credit file when he was on a payment holiday due to COVID.

## What happened

Mr D had an Aqua credit card. In March 2020, the balance was £4,600. He was in financial difficulty and in December 2019, Aqua agreed a payment plan. They suspended interest and agreed to monthly payments of £245 until June 2020. On 14 April 2020, Mr D called Aqua to say his income was affected by the COVID pandemic. Aqua agreed a three-month 'payment holiday' until 8 August 2020. On 9 August 2020, Aqua sent Mr D a statement which showed arrears of £245 – to be paid immediately, plus the contractual payment of £245 for that month. On 10 August 2020, Mr D called Aqua again and a further 'payment holiday' was agreed until 8 October 2020. His statement dated 8 October 2020 then showed he had arrears of £490 (two payments of £245) – to be paid immediately - plus a contractual payment of £245. On 9 October 2020, Mr D paid in £245 and on 24 October 2020, he paid in £490 – so the account was then paid to date.

Mr D complained that on the call on 14 April 2020, he was not told he would have to make a double payment at the end of the payment holiday. He now had a missed payment marker on his credit file, which he said was unfair.

Aqua said they'd acted fairly. They couldn't find the call on 14 April 2020, but their letter dated the same day – said that if there were any payments due at the time the holiday was started, these must be paid as soon as it ends. They also sent Mr D a letter on 29 July 2020 – just before the holiday was due to end – and this said the same thing. And so, when Mr D got his statement dated 8 August 2020, it showed that the payment of £245 (originally due in April 2020) was to be paid, as well as the instalment for that month. But – because they'd not been able to find the call in question and because there had been a delay in logging Mr D's complaint, they paid compensation of £105. But Aqua didn't agree that the marker on Mr D's credit file should be removed.

Mr D brought his complaint to us. Our investigator said that the letters dated 14 April 2020 and 29 July 2020 showed that the missed payment of £245 in April 2020 was to be paid in August 2020. But, when Mr D called Aqua on 10 August 2020 and it was agreed that he could extend his payment holiday - it would've been reasonable to backdate this to 8 August 2020. Our investigator said if that had been done, then the April 2020 payment would've been covered by the payment holiday and would've become due in the statement issued on 8 October 2020. And because Mr D paid in £735 in October 2020 – the account was then paid up to date. She said Aqua should remove any late payment markers from Mr D's credit file - between April 2020 and October 2020. She said the compensation of £105 paid was reasonable.

Aqua didn't agree, they said their letters were clear – the letters said the April 2020 payment was due to be made in August 2020. They said their systems didn't allow them to backdate payment holidays. They asked that an ombudsman look at the complaint.

I reached a provisional decision where I said:

The crux of Mr D's complaint is that he wasn't told he would have to pay two amounts of £245 when the payment holiday came to an end. And so – when he didn't make the payments in August 2020 – his credit file was marked with a missed payment. We haven't seen his credit file, but we (and Aqua) assume the marker was in respect of the April 2020 payment.

It's important to understand that – looking at Aqua's documents – that they had two types of support for customers in financial difficulty at the time.

Firstly, Aqua offered a 'hardship plan' for customers in financial difficulty - whereby they agreed reduced monthly payments, with no interest or fees being charged. Payments were not marked as missed on a customer's credit file, and the account was shown as being up to date. But - a 'payment arrangement' was shown on the credit file. Aqua's scheme had been in place well before the pandemic.

Secondly, in March 2020, The Financial Conduct Authority (FCA) announced guidance to lenders in response to the effects on customers of the COVID-19 pandemic. All lenders, including Aqua, agreed to put in place 'payment holidays' on many credit agreements, including credit cards – to help customers who were affected. Customers could ask for a total of two payment holidays, each of up to three months – whereby payments could be suspended. Missed payments would not be reported to credit reference agencies, although interest would still be debited to the accounts. This support was provided by firms up to the end of October 2020. The FCA support scheme wasn't available to customers who were already in financial difficulty when the pandemic started.

To be clear – the FCA scheme referred to 'payment holidays' or 'payment deferrals' – and it's unfortunate that Aqua called their hardship plan a 'payment holiday' – but it was in fact a hardship plan (as I've described). I will refer to the two plans as a 'hardship plan' – which is what Mr D got; and 'payment holiday' – which was the FCA scheme.

In Mr D's case – he was already in some financial difficulty when the pandemic started. Aqua were already helping him – they'd not been charging interest since December 2019. Aqua had agreed to lower monthly payments of £245. I can see that in Mr D's notes with Aqua that he advised Aqua in December 2019 that he was in financial difficulty. He said he then owed £13,231 to four creditors, and his income was £2,200 and outgoings were £1,590. So - Aqua agreed to a 'hardship plan' of £245 a month until 27 June 2020.

Mr D then called Aqua on 14 April 2020 and I can see that Aqua wrote to him – following his call. The letter said *"Until 8th August 2020...your monthly payments are £0. This means that you do not need to make any monthly payments until then...If there were any amounts due at the time the payment holiday started, you will have to pay these immediately when the payment holiday ends."* It's unfortunate that the call isn't available to listen to. But the letter says that on 8 August 2020, Mr D would have to make the payment that was due in April 2020. And the statement dated 8 April 2020 showed the payment of £245 was due to be paid by 27 April 2020.

This was also set out by Aqua in their letter dated 29 July 2020 which said *"We're writing to you to let you know that your payment holiday will end on 8<sup>th</sup> August 2020... Any payments that were already due before your payment holiday began will become immediately payable on 8th August 2020"*.

Mr D was then sent the August 2020 statement – dated 9 August 2020. It said that the contractual minimum payment of £245 was due, plus arrears of £245 (this being the April 2020 payment). Mr D then called Aqua – on 10 August 2020 - and requested an extension. Aqua agreed to this and confirmed it in a letter dated 11 August 2020. This said *“Until 8th October 2020... your monthly payments are £0. This means that you do not need to make any monthly payments until then”*. The letter went on to say that amounts due when the hardship plan started would need to be paid at its end. But – I think that Mr D was entitled to think that the letter said that no payments were due to be paid in August 2020 – in other words, the two payments of £245 weren't required.

But I think the main point here is that Mr D called Aqua on 10 August 2020 – just two days after the end of the first hardship plan. The notes of the call on Aqua's system say he asked to “extend” the hardship plan. In other words, Mr D wanted it to carry on from the old one. And so – I think it would've been reasonable for Aqua to date the 'new' plan from the expiry of the old one – 8 August 2020.

If that had been done, the payment due in April 2020 wouldn't have been due until the end of the extended plan – 8 October 2020. I don't think the contractual payment of £245 would've been due in August 2020 either – as it would've been covered by the extended plan. That would've meant that in October 2020 – the April 2020 payment would've been due, plus the contractual minimum payment of £245. As it was, Mr D paid a further £735 in October 2020.

What this means is that Mr D shouldn't have any missed payment markers on his credit file for the period between April 2020 and October 2020. And so – Aqua should delete these if they've been marked.

I've considered whether Aqua should have agreed that Mr D was given support under the FCA's payment holiday scheme, rather than a hardship plan. But the FCA's scheme was clear – that if customers were already in difficulty in March 2020, then the scheme didn't apply to them. And – because Mr D was on a previous hardship plan, he didn't qualify for it. But also – if Mr D had gone onto the FCA scheme – this would have meant that interest would have been charged. Mr D's debt with Aqua was £4,611 in March 2020 – the interest rate at the time was 37.67% per annum – i.e. about £145 per month. And given that Mr D was in financial difficulty – it probably wouldn't have been in his best interest to put him onto the FCA scheme.

I've then gone on to consider Aqua's communications to Mr D. Their letters dated 14 April 2020 and 11 August 2020 both refer to “your payment holiday” – which I think was confusing – as it was generally accepted at the time that such a term referred to the FCA scheme. But also – neither letter said that the hardship plan (which is what Mr D got) would be noted on his credit file. So – while Aqua were correct to note the hardship plan on Mr D's credit file, I don't think the letters were clear and not misleading. I think they led to some confusion and so I think it's fair and reasonable for Aqua to pay some compensation for that.

Aqua previously paid compensation of £105 – for a delay in dealing with Mr D's complaint (which wasn't part of his complaint to us) and for not being able to trace the call which took place in April 2020. And in addition, I think Aqua should pay compensation of £100 for the way their letters about the hardship plan were written.

We have had some conflicting information from Aqua – about which support scheme Mr D was given, so if I have misinterpreted the information, no doubt they will advise us when responding to this provisional decision.

### Responses to the provisional decision

Mr D didn't have any comments. Aqua agreed with the provisional decision and agreed to pay additional compensation of £100. So – I now need to make 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.

As Mr D didn't make any comments, and Aqua agreed with the provisional decision, I won't be departing from it.

### **My final decision**

I uphold this complaint. NewDay Ltd trading as Aqua must:

- Remove any missed payment markers between April 2020 to October 2020 from Mr D's credit file.
- Pay additional compensation of £100 for the misleading communications in the letters sent to Mr D.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 26 April 2022.

Martin Lord  
**Ombudsman**