

The complaint

Mrs W complains that NewDay Ltd (NewDay) added markers to her credit file.

What happened

Mrs W had a Debenhams card (issued by NewDay). The limit was £500. It had a nil balance until February 2020 – when purchases of £125.99 were made. Further purchases were made in March 2020 which increased the balance to £180 as shown on the statement issued on 2 April 2020. No payments were made to the account until November 2020. On 6 April 2020, NewDay wrote to Mrs W to say a payment had been missed. On 28 April 2020, NewDay wrote again to say the account was in arrears. On 9 May 2020, they sent a Default Notice with the balance at £196.76 and arrears of £25.81. On 11 June 2020, Mrs W's account was passed to a debt collection agency (DCA) to collect the payments. New Day agreed a payment holiday under the pandemic support scheme – from 10 July 2020 to 2 November 2020. In November 2020, payments of £10 per month commenced and these continued to be paid after that.

Mrs W complained. She said she'd moved to a new house in May 2020 and called NewDay to tell them her new address. But due to NewDay's error, they didn't change her records and therefore all statements and letters went to her old address. It was only in July 2020 that she was passed the letters by the new occupant of her old property. She told the DCA about her change of address in July 2020, but it wasn't changed in NewDay's records until August 2020. Mrs W said that because she hadn't received any letters or statements, she couldn't make any payments, and she didn't know what her situation or balance was. She said the default was unfair and the markers added to her credit file should be removed. Because of the markers, her credit score had reduced and she couldn't easily get any credit. Mrs W also complained that NewDay were slow to respond to her challenge to their final response – she called them on 22 October 2020 and didn't get a reply for more than three months.

New Day said they didn't have any record of Mrs W having contacted them in May 2020. If she had, the request hadn't been actioned. For this, they apologised and paid £10 compensation, and additionally, refunded two late payment charges totalling £24 – as a gesture of goodwill. But they said Mrs W must have been aware of her balance – as she'd contacted NewDay in May 2020 to change her address. And following further contact from her, Mrs W's address was changed by NewDay on 28 August 2020. But they said that no payments had been made since the purchases were made on February 2020 and March 2020 – and so the markers on her credit file must remain.

Mrs W brought her complaint to us and our investigator said NewDay had acted fairly. He could see that Mrs W's account was already in arrears after she missed the payment in March 2020, and letters were sent to her in March 2020 and April 2020 – before she told NewDay of her change of address. So, she must have been aware of her situation then. He couldn't see any evidence that Mrs W had contacted NewDay in May 2020. Even though the payment holiday (from July 2020 to October 2020) would not have affected her credit file, Mrs W was already in arrears by that time – by four months – and so that was why her credit file was marked throughout the payment holiday period. NewDay's late response to Mrs W's challenge to the final response letter was unfortunate but in his view, it was unlikely to have

changed anything.

Mrs W didn't agree and asked that an ombudsman look at her complaint.

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.

[Mrs W argues that she didn't make any payments to her NewDay account because she didn't get any statements or letters about it. And, because of that, she wasn't aware of the arrears or default placed on her account. She therefore says that this was unfair; and she says NewDay should remove the markers from her credit file.

Mrs W told us that she called NewDay in May 2020 to advise she had moved then. NewDay's records don't show any contact was made by Mrs W, but they accepted that Mrs W did contact them and they should have changed her address then.

I've looked at what happened. Mrs W made purchases totalling £180 in February 2020 and March 2020. These were shown on her statements dated 2 March 2020 (balance £125.99) and 2 April 2020 (balance then £180). Both statements were sent to Mrs W's address in NewDay's records and asked for minimum payments of £5 by 27 March 2020 and then £20.81 by 27 April 2020, plus the arrears of £5. These would have presumably been received by Mrs W – as they were sent before she moved. So, I think it's reasonable to say she must have received the statements. The statements gave seven ways to pay money into the account – by direct debit, post, in-store, phone, or internet banking, online or at a bank.

Then, I can see there were further letters sent to her 'old' address – prior to her move in May 2020. A letter advising a missed payment was sent on 6 April 2020. An arrears letter was sent on 28 April 2020. This said the balance was £180, and the arrears were then £5. It said *"We may also ask a debt collection agency to collect the amount you owe us...We will send you a Default Notice and if you still don't pay your full balance will become due...If you continue not to pay we may then report the default on your account to the credit reference agencies. This will stay on your file for six years and may make it harder for you to get credit in the future."* The letter also gave details of several ways to pay the account.

So, I think it's reasonable to assume that Mrs W would've received these letters as well. And the default letter was sent on 9 May 2020 – so while I'm not aware of Mrs W's actual moving date it may have been that she got that also. And so, I think it's reasonable to say that Mrs W must have been aware of her account balance then.

And as Mrs W says she called NewDay in May 2020 – she must then have been aware of her account situation. I say this as I think it would be unusual for a customer to call a bank or lender without knowing what their account balance was, or at least an awareness that a debt existed and needed to be paid.

And Mrs W also told us that that she asked for the payment holiday which ran from July 2020 to November 2020 – by speaking to the debt collection agency who by then were collecting her debt. I can see in NewDay's records that a payment holiday was agreed on 10 July 2020 – so again, I think it was reasonable to say she must have been aware of her balance and position on her account then.

Mrs W argues that she didn't make any payments because she didn't get a statement or any letters. But I think it's reasonable to say that a customer should know they had a debt with a lender if they'd spent money on the credit card – and in Mrs W's case, she must have

received a number of statements and letters before she moved. And when she later got in touch with NewDay and the debt collection agency, she must have also known she owed the money. And if she wasn't aware of how to make payments - she could've called NewDay to ask what to do.

Mrs W hadn't made any payments since she spent money on her card in February 2020 and March 2020 and so – I think it was reasonable for NewDay to default her account and put markers on her credit file. NewDay told us that no missed payment markers were placed on Mrs W's credit file for the period of the payment holiday between July 2020 and October 2020 – which is what we would've expected to see as part of the pandemic support scheme which was then available. But they did say that as Mrs W's account was already in arrears when the payment holiday started, her credit file would still show those arrears during the payment holiday period. Again, that's a fair approach for NewDay to take.

Mrs W has also said that NewDay were slow to respond to her when she challenged their final response in October 2020. I can see that by 2 February 2021, NewDay hadn't replied. I can see that this must have been frustrating for Mrs W. But I'm afraid this isn't something I can look at. That's because this service is governed by strict rules about what complaints we can, and cannot, look at. These are covered in The Financial Conduct Authority's Handbook. This defines a complaint as being about a financial product or service. So, complaints specifically about a business's complaint handling or processes aren't included. And so – I must set that issue to one side here.

And so, my decision is that NewDay don't have to do anything here.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs W to accept or reject my decision before 9 June 2022.

Martin Lord
Ombudsman