

The complaint

Mr W complains that NewDay Ltd trading as Aqua recorded a default on his credit file.

What happened

Mr W had a credit card account with Aqua. In July 2020, he contacted Aqua and told it about his personal circumstances. He explained the impact they were having on his financial situation. Aqua put a block on his account for three months. Mr W contacted Aqua again in September 2020 and the block was extended for a further three months. Aqua also sent Mr W an Income and Expenditure form to complete.

In January 2021, Aqua defaulted Mr W's account and reported this to the Credit Reference Agencies. Mr W complained. He said he'd returned the completed Income and Expenditure form in December 2020. He asked Aqua to remove the default from his credit file. Aqua responded to the complaint in May 2021. It apologised for the delay in investigating the complaint and paid Mr W £40 as compensation for the trouble and upset this caused. But Aqua said it had reported the default correctly and didn't agree to remove it.

Mr W wasn't happy with Aqua's response and brought his complaint to this service. Our Investigator didn't think Aqua needed to do anything. But Mr W didn't agree and asked for the complaint to be reviewed by an Ombudsman.

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.

Where the evidence is incomplete or inconclusive, as some of it is here, I've reached my decision on the balance of probabilities – that is, what I consider is most likely to have happened, in light of the evidence that is available and the wider surrounding circumstances.

It's not disputed that Mr W contacted Aqua in July 2020 and that a block was placed on his account at that time. Nor is it disputed that the block was extended until mid-December 2020. Having seen Mr W's statements, I'm satisfied that no interest or charges were applied to the account from July 2020 onwards.

Aqua says that Collections activity was stopped while the block was in place, but this didn't stop arrears building up on the account. In effect, this meant that Aqua didn't expect Mr W to make payments, and its Collections department didn't chase him for payment while the block was in place, but arrears built up on the account because payments weren't being made. I think that's a reasonable approach.

Aqua says it no longer has recordings of its calls with Mr W in July and September 2020, due to the amount of time which has passed. But it has provided call guides which set out the information its call handlers need to cover during conversations with customers. This information includes telling customers that arrears will continue to build on their accounts. On balance, I find it likely that Mr W was told that arrears would accrue on his account while

the block was in place. This was also confirmed by the monthly statements, which showed the amount of the arrears each month.

Mr W wasn't in a position to make payments, so arrears built up on the account from July 2020 onwards. By January 2021, there had been no payments for six months and Aqua defaulted the account. I'd expect a business to treat an account as defaulted by the time a customer is six months in arrears with no arrangement in place. So I don't think Aqua acted unreasonably by defaulting the account.

But Mr W says he didn't know that Aqua was going to default his account. He says he didn't receive any letters and Aqua didn't contact him at all. From the information I've seen, I'm satisfied that Aqua wrote to Mr W about the status of his account several times in the period from August 2020 to January 2021. It sent him Notices of Sums in Arrears, a default notice, a letter terminating his credit card agreement and a notice of intention to register information about the default with the Credit Reference Agencies.

Mr W says he didn't receive these. He has explained that he changed his address while this complaint has been ongoing, but that wasn't until quite some time after these letters were sent. I'm satisfied that they were sent to the correct address at the time, so I can't explain why Mr W didn't receive them. But I can't safely conclude that it was Aqua's fault.

Mr W says he returned the Income and Expenditure form to Aqua in around December 2020. Aqua says it has no record of receiving this. I haven't seen the form. But Mr W says he won't be going back to work and doesn't have any assets or spare funds. So, I find it likely that the account would have been defaulted even if Aqua had received the form.

I know Mr W feels strongly about this complaint and I'm sorry to disappoint him. But I don't think Aqua acted unfairly by defaulting the account. In the circumstances, I think it was fair for it to report the default to the Credit Reference Agencies, as it's obliged to report accurate information about the status of the account.

Aqua explained in its Final Response Letter that it doesn't intend to pursue Mr W for the outstanding balance but that it will continue to show as unsettled on his credit file. I think that's reasonable in the circumstances, so I'm not going to ask Aqua to do anything here.

My final decision

For the reasons above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 12 July 2022.

Katy Kidd
Ombudsman