

The complaint

Mr N complains about NewDay Ltd, trading as Marbles recording a default against his credit card account.

What happened

The background to this complaint is well known to both Mr N and NewDay. I won't repeat in detail what is already known to both parties. In my decision, I'll mainly focus on giving the reasons for reaching the outcome I have.

Mr N had a credit card account with NewDay. He experienced a negative change in his financial circumstances because of the COVID-19 pandemic. He lost his main source of income - his employment, and was placed on furlough leave.

In August 2020 Mr N requested a COVID-19 payment deferral for three months. This meant Mr N wasn't required to make repayments towards his outstanding balance, fees and charges were frozen, but interest continued to accrue. After the end of this three month period, Mr N got in touch with NewDay to explain his circumstances hadn't significantly changed or improved and requested an extension of the payment deferral. This was approved and extended until 12 April 2021.

At the end of the payment deferral period NewDay expected Mr N to bring his account back into good standing. Mr N spoke to NewDay and they proposed a repayment plan. Mr N rejected this and instead offered to make a repayment of £20. Further discussions took place and an income and expenditure assessment was completed but this wasn't followed up on by NewDay and as Mr N failed to bring his account up to date they recorded it as defaulted.

Mr N complained to NewDay but they didn't uphold his complaint. He then referred his complaint to our Service for an independent review. Our investigator considered the complaint but didn't recommend that it be upheld. Mr N didn't accept the investigator's findings so his complaint has been referred to me for 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.

Although a number of issues have been raised, this decision only addresses those issues I consider to be materially relevant to this complaint. This isn't meant as a discourtesy to either party – it simply reflects the informal nature of our Service. Similarly, I won't comment on every interaction between both parties here – only the key ones. However, I've given careful consideration to all of the submissions made before arriving at my decision.

The COVID-19 payment deferral

It's positive that NewDay approved Mr N's COVID-19 payment deferral requests and later extended them at his request. I'm satisfied that NewDay followed the guidance set out by the

regulator - The Financial Conduct Authority ('The FCA') when implementing the deferrals. The FCA set out in their guidance:

"This guidance applies where customers are already experiencing or reasonably expect to experience temporary payment difficulties as a result of coronavirus."

Based on what I've seen and heard about Mr N's circumstances between August 2020 and April 2021, I've seen no evidence that approving the initial payment deferral and then agreeing to Mr N's request for a further deferral wasn't in his best interest - as he wasn't working and his other options were extremely limited.

The end of the COVID-19 payment deferral period

The relevant FCA guidance set out that financial businesses should offer customers 'tailored and flexible support' when the deferral period came to an end.

It's clear that Mr N's circumstances hadn't changed or improved to the extent that he was in a position to clear the arrears or resume his minimum contractual repayments. Around April/May 2021 Mr N had indicated that he could afford to repay around £20 per month.

NewDay offered Mr N the option of a reduced repayment plan – but he rejected this. That was his own decision to make, but I find it was reasonable of NewDay to offer it.

It's extremely disappointing to see that although NewDay completed an income and expenditure assessment with Mr N they didn't follow up on this and call him back as they'd intended. I've kept in mind that although this was an error by NewDay, Mr N also didn't call them back to chase this up.

This means I now need to decide if, on balance - the end outcome here (a default being recorded) would've been different if things had happened as they should have. That is, if NewDay had called Mr N back. On balance, I'm not persuaded that there would have been a different outcome. I say this because:

- the income and expenditure assessment completed already indicated that Mr N's disposable income was around £20;
- the outstanding balance and arrears at this point exceed £3,000 and it would have been irresponsible of NewDay to allow the arrears to grow further; and
- at the end of the payment deferral period (April 2021) there was no firm indication or certainties that Mr N's financial circumstances were likely to increase in the very near future as he was waiting for the COVID-19 restrictions to ease so he could return to work. As Mr N has told us: *"...as we were the last to open no matter how much time they gave me if I didn't have the money I wouldn't have the money to pay as we were waiting for [the prime minister] to give us the green light so we can get back to work..."*.

Everything considered, on balance I don't find it unreasonable that NewDay recorded a default on this account. NewDay have a duty as a responsible financial business to accurately report a true reflection of their customer's accounts to the relevant credit reference agencies. I find that they acted in a reasonable and supportive way in trying to offer help to Mr N, but ultimately there was no solid indication he'd be able to clear his arrears or resume his minimum contractual repayments in the near future – due to the uncertainty over when he'd be able to return to work (at that point in time). I understand Mr N's arguments about what subsequently happened, but that is with the benefit of hindsight and I don't find NewDay acted unreasonably based on the evidence available *at the time* of making of their decision.

I know my decision will disappoint Mr N, but it brings to an end what our Service in trying to informally resolve his dispute with NewDay can do for him.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 25 September 2022.

Daniel O'Shea
Ombudsman