

The complaint

Miss B complains about the way NewDay Ltd trading as Fluid managed her account and for providing her with misleading information.

What happened

The details of this complaint are well-known to both parties, so I won't repeat them again here. The facts aren't in dispute, so I'll focus on giving the reasons for my 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 reviewed everything, I've reached the same conclusions as our investigator for these reasons:

- It's not disputed Miss B's account was in arrears, and a payment plan was put in place at the end of April 2021. I've seen the letter NewDay sent to Miss B confirming the payment plan had been set up, and this said they would "review your account within the next 12 months either at a time we have arranged when setting the plan, or at the end of the 12 months. If you fail to make your monthly payment by the date requested, we will review your account immediately and may cancel the arrangement." And under the section "What if I don't continue to pay?", the letter explained a debt collection agency may be asked to collect the amount Miss B owed.
- Given the contents of the April 2021 letter, I don't consider it was unreasonable for Miss B to have been of the understanding that her account would be reviewed in 12 months' time if she kept up to date with the repayment plan. But if she didn't, her account might be passed to a debt collection agency. I've not seen any evidence that shows Miss B missed any payments under the repayment plan (or that it was agreed with her that a review would take place in July/August), so I can understand why she was confused and unhappy when she received NewDay's letter in August 2021 saying her account was being defaulted. I've taken on board NewDay's explanation for why Miss B's account was defaulted. However, I cannot agree the likelihood of this happening, and when, was sufficiently or clearly explained to Miss B.

- I've also not seen evidence that NewDay explicitly told Miss B her account was being sold to a debt collection agency before that happened at the end of September 2021. Failing to make Miss B aware of this in advance, meant she didn't have the opportunity to be aware of the fact she'd no longer have access to her online account. This resulted in her only realising this was the case when she attempted to make an online payment in early October 2021. For clarity, I don't consider NewDay acted unfairly by selling Miss B's account, and what that meant for her online access; as I agree this is something they're able to do within the terms of her account. But the lack of clear communication about this caused confusion and inconvenience for Miss B.
- I'm aware NewDay had agreed to remove the default from Miss B's credit file following a previous final decision from our Service. So, it was somewhat disappointing to see one of their advisers incorrectly told Miss B it wouldn't be removed. Again, this would have caused Miss B some frustration. But I do consider the impact of NewDay's other mistakes detailed above would have had a greater impact given Miss B had some reassurance regarding the default because she had a legally binding final decision from this Service on that point.

Putting things right

- For the reasons above, I don't think NewDay were sufficiently clear in explaining what would happen to Miss B's account, and when. This breakdown of communication caused confusion for Miss B, which in turn resulted in her being inconvenienced when trying to understand what had happened and why.
- NewDay ought to have been aware Miss B was very engaged in the way her account was being managed. It's this level of engagement that meant Miss B suffered a greater impact than another consumer may have done had their account been managed the same way. Because of this, I consider NewDay should pay Miss B £150 in recognition of the impact their mistakes had on her.

My final decision

My final decision is that I'm upholding Miss B's complaint about NewDay Ltd trading as Fluid.

To put things right, NewDay Ltd trading as Fluid should pay Miss B £150 in recognition of the distress and inconvenience she experienced because of their mistakes.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 3 January 2023.

Sarrah Turay
Ombudsman