

The complaint

Mr S complains that NewDay Ltd (trading as Marbles) has recorded adverse information on his credit file about a credit card that he didn't apply for.

What happened

In January 2020 Mr S became aware that a credit card account had been opened in his name and that there was an outstanding debt that needed to be repaid. After discussing this with his family he discovered that a close relative had opened the account without his knowledge. Mr S didn't want to get his relative in trouble, so he agreed with her that she would continue to repay the outstanding balance.

Subsequently, Mr S's relative stopped making payments to the debt and so he began to make payments himself. But when he didn't maintain payments to the account it was ultimately defaulted and that default was recorded against Mr S on his credit file.

It's at this stage that Mr S contacted NewDay to explain that the account had been opened without his knowledge, he wanted the default to be removed from his credit file. In his initial conversations with NewDay Mr S was told that his credit file would be amended as NewDay would not be holding him responsible for the debt.

NewDay then sent Mr S a final response letter explaining that it would be holding him liable for the debt, but did go on to offer him £100 to recognise that the information he'd been given in his conversations with NewDay was misleading. Mr S was unhappy with NewDay's response, so he referred his complaint to us.

One of our investigators looked at what had happened, and they were satisfied that Mr S had not opened the account. They also didn't feel that any of Mr S's actions then meant that he was liable for the debt. So the investigator recommended that any information about the credit card be removed from Mr S's credit file, and that NewDay pay him £250 to recognise the poor service it had provided.

NewDay disagreed with the investigator's findings, so the complaint has been passed to me for a 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 done so, I'm satisfied that Mr S did not open this credit card. The card was opened in 2018 with Mr S's home address but I'm satisfied that Mr S wasn't living at home at that stage, he was a student living in a different city. And the email address that had been used to correspond with NewDay about the account is not the same as the one we have recorded for Mr S. NewDay has commented that many people have more than one email address, but I'd note that it is also very easy to create an email address with any name you choose,

there's nothing I've seen that makes me think the email address recorded on the account did belong to Mr S.

NewDay's records also show that payments to the account were funded from an account in the name of the relative who Mr S has said admitted to opening the account, and I've heard a call recording where someone other than Mr S has called NewDay to try and make payments to the account. Mr S has also been consistent in his testimony about what has happened here and why he took the steps he did to try and repay the debt, and nothing I've seen contradicts what he's said happened.

So with all this in mind, there's nothing to suggest to me that Mr S either opened this account himself or was aware it had been opened until early 2020. But NewDay has said that it nonetheless thinks it fair to hold Mr S liable for the debt – and therefore for the default – because of what he went on to do after he became aware of the account.

I acknowledge that Mr S did not raise the issue of fraud as soon as he found out about the account. But given the close relationship between him and the individual who opened the account, I can understand why he would be unwilling to formally record that a fraud had been committed. Instead he tried to resolve things informally by asking his relative to continue making payments to the account, and when they didn't, he began to make payments himself. I don't agree that by doing this Mr S was agreeing to accept the terms and conditions of the account – and therefore agreeing to be liable for the debt. And I've seen nothing to suggest that Mr S has benefitted from the funds spent on the account in any way or that he used the account himself, only that he took steps to try and get the debt repaid so that he could draw a line under what had happened. So regardless of the fact that Mr S was aware of the account before it defaulted, I therefore don't think it fair for NewDay to record the default regarding this account – or any other information about it – on Mr S's credit file.

Turning to the overall level of service that NewDay has provided to Mr S regarding this issue, I've listened to the call recordings that NewDay has provided of its initial conversations with Mr S. And I think it's clear that Mr S was told that he would not be held responsible for the debt. Mr S then went on to contact NewDay several more times looking for an update on his complaint, and in those conversations NewDay went on to repeat to him that it agreed that the account had been opened fraudulently. I can therefore understand why Mr S was upset and concerned to receive the bank's final response letter where it said that it was not satisfied the account had been opened by a third party, and so expected him to maintain payments to the debt, particularly as only a few days before he had been told he would get a phone call from NewDay to explain its findings.

I think that the contradictory information NewDay gave Mr S, and its failure to call him when it said it would, will have caused additional, unnecessary, upset to Mr S at a time when he was already dealing with a distressing situation. So with all of this in mind, I'm satisfied that the £250 our investigator recommended NewDay pay to Mr S is a fair way to resolve this complaint.

Putting things right

Having thought about everything, I think that it would be fair and reasonable in all the circumstances of Mr S's complaint for NewDay to put things right by:

- Removing any information regarding this credit card account from Mr S's credit file
- Paying Mr S £250 to recognize the poor service he has received.

My final decision

For the reasons I've explained, I'm upholding Mr S's complaint. NewDay Ltd (trading as Marbles) should put things right in the way I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 10 August 2022.

Sophie Mitchell
Ombudsman