

The complaint

Mr D complains that NewDay Ltd (NewDay) marked his credit file.

What happened

Mr D had a marbles credit card from NewDay. The statement dated 22 March 2020 had a balance of £2,774.80 and the limit was £2,800. The minimum payment of £107.21 was due to be paid by 16 April 2020. Mr D's income was affected by the pandemic and NewDay agreed two payment holidays. The first one ran from 3 April 2020 to 20 July 2020; the second one ran from 24 July 2020 to 20 November 2020. Mr D didn't make any payments between April 2020 until 19 November 2020 – when he paid the required amount of £135.18.

Mr D complained. He said he had two payment holidays (PH) and yet his credit file had been marked with missed payments. He said this was against the payment holiday (PH) scheme, and against what NewDay had told him in letters about them. As a result of what happened, his credit score had been affected, and he said he hadn't been able to rent a property. He had been made almost homeless.

NewDay said they acted fairly. In their final response they said that Mr D hadn't made the contractual minimum payments and the information reported to the credit reference agencies was therefore correct.

Mr D brought his complaint to us. Our investigator upheld Mr D's complaint – as NewDay's letters set out that he didn't need to make any payments during the two payment holidays. And then, after they'd ended, Mr D had made the necessary payment on 19 November 2020 – ahead of when the second PH ended on 20 November 2020. He said that Mr D's credit file should be amended and compensation of £200 paid.

Mr D didn't agree with the compensation – he said it should be £25,000. NewDay didn't agree either. They said Mr D should've paid £107.21 by 20 July 2020 – and he didn't. This was explained in the call between Mr D and NewDay on 3 April 2020. And the second PH didn't start until 24 July 2020. So – they'd said they'd applied the terms and conditions of the card agreement and notified the late payment markers to the credit reference agencies for the period of the PH. Both Mr D and NewDay asked that an ombudsman look at the 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.

Mr D's complaint is about the payment holiday scheme. In April 2020, the Financial Conduct Authority (FCA) announced guidance to lenders in response to the effects on customers of the COVID-19 pandemic. All lenders, including NewDay, had to put in place 'payment holidays' on many credit agreements, including credit cards – to help customers who were

affected. Customers could ask for a total of two payment holidays each of three months – whereby payments could be suspended. Missed payments would not be reported to credit reference agencies, although interest would still be debited to the accounts. This support was provided by firms up to the end of October 2020.

NewDay agreed to two PHs between 3 April 2020 and 20 July 2020; and then from 24 July 2020 to 20 November 2020. In NewDay's case, they went beyond what the FCA laid down – as they didn't charge any interest during the PH.

The crux of Mr D's complaint is whether the payment due by 16 April 2020 was due and should've been paid by then; and when it wasn't, whether it should've been paid by 20 July 2020.

Payment of £107.21 due by 16 April 2020: Mr D spoke to NewDay on 3 April 2020 and set up a three-month PH. NewDay wrote to Mr D on 3 April 2020 and the letter said *"Until 20th July 2020... your monthly payments are £0. This means that you do not need to make any monthly payments until then. When your payment holiday ends, you will have to start to make at least your contractual minimum monthly payment again."*

I think the letter here is clear – Mr D didn't have to make any payments for three months, including the payment due on 16 April 2020. I also listened to the call on 3 April 2020 and the call handler said, referring to the payment of £107.21 *"with the payment holiday we can stop that payment due date for three months. So the £107.21 we can move until 20 July 2020."* He went on to say that Mr D's credit file *"will show all up to date"*.

And so – I think it was reasonable for Mr D to assume that he didn't need to make the payment in April 2020. And therefore, any missed payment markers applied by NewDay for the period of the first PH wasn't reasonable.

Payment of £107.21 to be paid by 20 July 2020: Mr D asked for another three-month payment holiday in July 2020. I haven't seen NewDay's contact notes but as NewDay's letter to Mr D was dated 24 July 2020, I assume he called NewDay on that day. This was after the due date of 20 July 2020. To be fair to NewDay, on 10 July 2020 – they wrote to Mr D to say that PH was coming to an end and *"From 20th July 2020....you will need to start making at least your minimum monthly payment again by the date shown on your next statement. Any payments that were already due before your payment holiday began will become immediately payable on 20th July 2020."*

And on the call on 3 April 2020, NewDay's call handler did say that £107.21 had to be paid by 20 July 2020 – he advised it to be paid by 17 July 2020 to allow it to clear. And he said that if Mr D needed more help at that time, he should call NewDay then.

The letter dated 24 July 2020 said *"Until 20th November 2020...your monthly payments are £0. This means that you do not need to make any monthly payments until then. When your payment holiday ends, you will have to start to make at least your contractual minimum monthly payment again."* Mr D argues that because he had a second PH, that meant he didn't have to make the payment on 20 July 2020. On the other hand, NewDay say that because he called after 20 July 2020, he had already missed the payment and so – the missed payment markers were fair.

I've considered both arguments here. And on balance, I think Mr D was entitled to think he had a second PH which ran from the end of the first one. I say this because – the letter dated 24 July 2020 doesn't have start date in it – it only says, *"Thank you for getting in touch with*

us recently to discuss your account.” So - Mr D could’ve considered that it ran on from the first PH. And in any case, given that there were only four days between the PHs – it would’ve been reasonable for NewDay to run the second PH on from the first PH.

I also noted that Mr D wasn’t sent a statement in June 2020 – which would’ve shown the amount due and the July 2020 payment date. Instead he got a letter from NewDay which said *“As per our recent correspondence, you are currently receiving a holiday from your payments. As mentioned previously, you will not receive regular statements during this time.”*

Mr D then went onto make the payment due by 20 November 2020 – on 19 November 2020. So – he didn’t miss the payment in that month either.

And so, I think it is fair and reasonable in the circumstances of Mr D’s complaint that NewDay delete the missed payment markers from his credit file. Mr D has argued that the compensation should be £25,000. Our service had set out guidelines for amounts to be awarded. We say that an award of up to £300 is suitable where there have been repeated small errors, or a larger single mistake, requiring a reasonable effort to sort out. And having considered what Mr D has said to us – I agree with our investigator that a payment of £200 is the right amount for what happened. I accept that Mr D will be disappointed by this, but I’m satisfied it is right.

My final decision

I uphold this complaint. NewDay Ltd must:

- Remove the missed payment markers from Mr D’s credit file between March 2020 and November 2020.
- Pay compensation of £200 for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr D to accept or reject my decision before 26 September 2022.

Martin Lord
Ombudsman