

The complaint

Mrs K complains about how NewDay Ltd trading as Marbles dealt with her request for a payment plan and the service it provided around this.

What happened

In August 2020, Mrs K sent NewDay a letter explaining that she was experiencing financial difficulties and wanted a plan to pay less than her usual payments to her credit card. NewDay sent her a form to complete which detailed her income and expenditure so it could understand what it could do to help her. Mrs K returned this but didn't tell NewDay what she was offering to pay. NewDay needed to know this and tried to call her on a number of occasions to clarify this and also sent letters asking her to call it.

Mrs K says that telephone calls make her anxious and so she didn't call NewDay. But in October 2020, she sent NewDay a letter offering to pay £25 a month towards her card. NewDay asked her to call and give income and expenditure information to support this but Mrs K didn't because of her concerns around using the phone. Mrs K started making payments of £25 a month in November 2020. But by this point NewDay had issued a default notice because of the arrears and lack of agreed payments on the account.

In December 2020, NewDay received a letter from Mrs K in which she explained why she didn't want to speak over the phone and again offered £25 a month as a payment. NewDay put a hold on the account for three months and asked her to submit an income and expenditure form to see what it could do to help. Mrs K didn't submit that and in April 2021 her account was closed and a default registered.

Mrs K then complained to NewDay about how it had handled this. NewDay acknowledged that it shouldn't have asked Mrs K to contact it by telephone. It offered to compensate her £50 for this. But it said that in terms of the actions it had taken in relation to her account, that it had acted correctly.

Mrs K disagreed and asked this service to look at her complaint. When we got in touch with NewDay about the complaint – it offered a further £25 in terms of the compensation – bringing the total to £75. Our investigator agreed that NewDay was entitled to take the actions it did on the account and that it did so fairly. But they didn't feel that the compensation NewDay offered was enough, given the impact this would have had on Mrs K. She felt that NewDay should pay £150 for this. NewDay disagreed and so the complaint was passed to me to decide.

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.

Dealing with this situation must have been upsetting and confusing for Mrs K. She's told us and NewDay why she prefers not to use the phone for matters like this. So it must have been very frustrating to keep being told that she needed to call it in order to get the help she

wanted. But I don't think that it'd be fair to now tell NewDay to remove what it's recorded about this account on her credit file in the way she wants.

I say this because there isn't anything to suggest that Mrs K told NewDay that she didn't want to speak on the phone before December 2020. By that point, NewDay had already issued a default notice asking her to repay what was owed in full before it took further action to close the account for use and transfer it to a recovery agent. I think it was entitled to issue that notice – where the arrears had accrued for several months and there hadn't been any mutually agreed payments on the account. I realise that Mrs K was making payments of £25 a month – but this had never been agreed with NewDay. It was entitled to ask for more information to make sure that was a proportionate and affordable amount for her that it'd be willing to accept.

After receiving Mrs K's letter in December 2020, NewDay put the account on hold for a few months, in effect giving Mrs K a final chance to see if she could avoid NewDay taking the actions it outlined in the default notice. At this point, given what had happened up to this point, I think it would have been clear to Mrs K that she needed to submit an up to date income and expenditure form, along with a clear offer of what she could afford.

By April 2021 though, NewDay hadn't heard from Mrs K with any further income and expenditure details or payment proposals. So it closed the account and transferred it to an agent to recover – in line with the default notice. I think it was fair for NewDay to give Mrs K this further breathing space, but where no further proposals were made or contact received, I think it was entitled to take further action to recover the debt.

I realise the impact this will have on Mrs K in terms of the information that's recorded about this with credit reference agencies, but I think it was entitled to take this action when it did given what the relevant guidance says. A default accurately reflects what happened to the account. It's also worth saying that this will also usually mean that interest and charges are suspended – meaning she can repay what she owes in an affordable way without what she owes increasing.

So in terms of how NewDay dealt with the account and Mrs K's financial difficulties, I think it acted fairly. But NewDay could have done more to communicate with Mrs K fairly and appropriately. She told NewDay she didn't want to discuss her situation over the phone and while I realise the letters sent after this were automated, it must have been frustrating to receive more letters asking that Mrs K contacted NewDay on the phone when she'd already told it that she didn't want to do this.

For that I think NewDay should compensate Mrs K – and I think £150 as suggested by our investigator is fair. Mrs K has detailed the impact this had on her in her circumstances and while NewDay has suggested £75, I think £150 is a fairer amount to recognise the impact this had on her. So it's this that NewDay should pay her.

My final decision

NewDay Ltd trading as Marbles should pay Mrs K £150 in total for the distress and upset caused here.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs K to accept or reject my decision before 24 February 2023.

James Staples
Ombudsman