

The complaint

Mr Y complains that in May 2021 he had cleared the balance on his credit card account with NewDay Ltd trading as Aqua ("Aqua") and had requested the account to be closed. However, this was not done, and further interest was applied which he was not aware of. This now shows as a missing payment recorded on his credit file. Mr Y wants the credit file to be amended and compensation for his distress and inconvenience.

What happened

Mr Y paid off the outstanding balance on his Aqua credit card on 11 July 2020. He says he asked for this credit card to be closed, but it wasn't. In February 2021, a further payment was charged to the account. Mr Y wasn't aware of the outstanding balance as he thought his credit card had been closed.

This payment was recorded as a missed payment on his credit file in April 2021. He made a late payment to pay off the new balance when he was told about it and asked Aqua to close the account on 15 May. This was not done, so he complained to Aqua in November and asked again for the account to be closed. Mr Y wants compensation of £300 because he made three attempts to close his credit card account; Aqua told him it would amend his credit file but had not done so and also because it failed to notify him of the small outstanding balance.

Aqua said Mr Y paid off the balance on 11 July 2020, but Aqua applied an interest credit of £0.19 to the same account. It then added a new transaction of £7.99 in February 2021. Aqua said it sent statements to Mr Y showing the outstanding balance to be paid. It accepts that Mr Y paid the full balance on 15 May 2021 and it confirmed on 17 May that the account was closed as per his instructions. Aqua said it had no evidence of Mr Y's earlier calls or his request to close the account until May 2021.

It also wrote in June to Mr Y confirming his credit file had been amended. However, having confirmed the credit file had been amended in June – it still hadn't been completed. So in November, Aqua accepted it had done something wrong and upheld Mr Y's complaint. It agreed to pay him compensation of £100 and agreed to amend the adverse information on his credit file relating to this Aqua credit card in April 2021.

Our investigator upheld Mr Y's complaint but said Aqua should pay him £300 because of the added distress caused by the negative record on the credit file which made it difficult for Mr Y to get new mortgage finance. Aqua did not respond to our investigator's view, so this case has been passed to me to look at again.

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.

I've decided that the complaint for more compensation should be upheld.

Both Aqua and Mr Y agree that he received poor customer service because Aqua didn't amend the credit file as it said it would do. It decided to offer £100 for Mr Y's distress and

inconvenience. So I now only need to look at whether Aqua should pay more compensation for the impact arising from its mistake.

Aqua agreed to amend Mr Y's credit file in June 2021 but for some reason, failed to do so, which prompted Mr Y to contact Aqua about it again in November. I am satisfied that the delay in amending the credit file was frustrating for Mr Y having been assured his file would be updated. But it was also a worrying time for Mr Y as he was concerned about the impact of a potential mortgage lender attempting a hard search on his credit file with the adverse information still visible on it and the consequences of that. As our investigator pointed out, any hard searches have a greater impact on a consumer's credit file as they are retained for a period of 6 years. So I can understand that Mr Y was worried about his credit information and the message it would send out to potential lenders in the future. I think that Aqua ought reasonably to have updated the credit file as soon as it became aware of the issue. This would have given Mr Y the assurances he needed.

I think Aqua's delay led to further distress and inconvenience for Mr Y which I think could have been avoided. Therefore, I'm satisfied that Aqua ought to do more to assist in resolving this complaint.

Putting things right

So having looked at all the evidence, I accept Aqua did make an error and I agree with our investigator that Aqua should pay more compensation to Mr Y. It follows that I am going to uphold this complaint and require it to pay £300 - this in my view fairly recognises the impact of Aqua's mistake.

My final decision

My final decision is that I uphold this complaint and I require NewDay Ltd to do the following:

- If it hasn't already done so, NewDay Ltd should update Mr Y's credit file immediately to remove the negative markers that were placed on his file in relation to his Aqua credit card.
- Pay Mr Y the sum of £300 within 21 days of Mr Y accepting this final decision, taking into account any money already paid to Mr Y as compensation for this complaint – if any.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr Y to accept or reject my decision before 1 November 2022.

Amrit Mangra
Ombudsman