

The complaint

Mr G complains that NewDay Ltd defaulted his account.

What happened

The details of this complaint are well known to both parties, so I won't repeat them again here. Instead I'll focus on giving my 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.

I know it will disappoint Mr G, but I agree with the investigator's opinion.

Where the information I've got is incomplete, unclear, or contradictory, as some of it is here I have to base my decision on the balance of probabilities.

Mr G's account with NewDay was defaulted because he broke the terms of his agreement with them.

Mr G entered into a payment arrangement with NewDay in April 2021 and they defaulted his account whilst he was in that payment arrangement.

The Information Commissioner's Office (ICO) says when a consumer is at least three months behind with their payments then a default may be registered. And it would expect a default to be registered by the time the consumer is six months behind with their payments. By the time NewDay registered the default Mr G was more than three months in arrears as he'd only been making token payments towards his balance. So, I think NewDay followed the guidance and were entitled to default the account.

It's normal for that to happen even when payments towards the plan are being made, as the terms of the agreement are still being breached and also because, the business have an obligation to report Mr G's performance on his account accurately to the credit reference agencies, and because the business needed to have defaulted the account before they could take certain further action such as selling the account to a debt collection agency.

So, I don't think NewDay have done anything wrong here and I'm not asking them to take any further action.

My final decision

For the reasons I've given above I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 26 January 2023.

Phillip McMahon
Ombudsman