

The complaint

Miss D complains NewDay Ltd misinformed her about the impact of her payment arrangement, its effect on her credit file and generally provided poor service and support.

What happened

Miss D holds a credit card account with NewDay. In or around December 2021, she contacted NewDay after they wrote to her about missed payments on her account. She said her financial circumstances had been adversely affected and asked for help and support. NewDay placed her account on hold for 90 days, suspending interest and charges.

Miss D wasn't happy with how NewDay had treated her during the call. She felt the questions they'd asked were inappropriate and they'd showed little understanding of her personal circumstances. So, she complained to NewDay.

NewDay agreed the service she'd received was unacceptable and paid her compensation of £75. As a gesture of goodwill, they also refunded three fees they'd charged in November 2021 totalling £36. NewDay confirmed this in a letter.

Miss D called NewDay again late in February 2022. She asked that the agreed compensation be paid to her normal bank account rather than her NewDay account, which NewDay agreed to arrange. Miss D was also unhappy about a letter she'd received advising that her account had been terminated. She said NewDay hadn't explained the impact of the 90 day hold clearly to her.

Having investigated Miss D's complaint, NewDay found that she had been misinformed about the termination of her account. A monthly payment plan of £8.99 was agreed on 3 March 2022 and it appears she'd been asked to make a payment to avoid the account termination. But the account had already been terminated. NewDay agreed Miss D had been misinformed and agreed to pay further compensation of £115. NewDay confirmed this in a letter.

Miss D called NewDay again in or around April 2022. Despite previously providing her bank details, she hadn't received the additional compensation. NewDay found that they'd made a mistake when they took Miss D's bank details. They apologised, corrected their mistake and increased the additional compensation from £115 to £200 to reflect this.

Although Miss D accepted the compensation offered, she didn't think it was enough. So, she decided to refer her complaint to this service. She said:

- the arrangement to pay £8.99 each month was cancelled then reinstated by NewDay; and
- NewDay acted unfairly by agreeing an arrangement but then closing her account and issuing a default letter; and
- she's concerned NewDay may have recorded a default on her credit file as a result of their mistakes; and
- she'd had to call NewDay numerous times because of their errors: and
- NewDay were aware of her personal health circumstances and their actions added to these.

Miss D thought NewDay should pay her additional compensation of £300 and remove any adverse data recorded on her credit file.

Our investigator agreed NewDay had made mistakes here but didn't think they needed to do anything more. Miss D didn't agree with our investigator. She said her credit record had been affected by NewDay's mistakes. Miss D felt the compensation paid by NewDay didn't adequately reflect the distress and upset caused by constantly having to chase and complain to them.

As an agreement couldn't be reached, Miss D's complaint has been passed to me to consider further.

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.

NewDay have accepted they made mistakes in the way they handled their relationship with Miss D. They've apologised and paid compensation at a level they believe is appropriate here. Although I've considered all that's happened, I don't propose to comment further on the events within my decision. The circumstances are already well known to both Miss D and NewDay.

NewDay's decision to terminate Miss D's account is part of their process where financial difficulties are identified and support in the form of forbearance is necessary. They've explained this is done to help ensure that her debt with them doesn't continue to rise further. It isn't the role of this service to ask a business to alter its policies or procedures. These aspects fall firmly within the remit of the regulator – in this case, the Financial Conduct Authority (FCA). But it is our role to examine and decide whether NewDay have been fair and reasonable in the manner in which those policies and procedures are applied in the individual circumstances of Miss D's experience with them. And accepting the mistakes they made, I'm persuaded that suspension or termination of her account was appropriate here.

Miss D has expressed concern about how NewDay's actions impacted her credit file with the credit reference agencies. NewDay have confirmed they agreed a vulnerable customer repayment plan for Miss D which has been in place since March 2022. They said this will stop her account from being sold on. They've also confirmed that all the arrears on her account were removed on 3 March 2022. So, while her credit file will show there is a plan agreed, no arrears are reported. This feels fair to me as NewDay are required to accurately report where a plan is in place.

NewDay have provided evidence to show what they've reported to the credit reference agencies. During our investigation, it was noticed that they'd reported the plan start date as 1 July 2022 when it should've been March 2022. NewDay have confirmed this will be amended, which is what I would expect here.

Miss D is concerned that her credit score with the credit reference agencies appears to have deteriorated. Different businesses and agencies each use their own scoring systems which may interpret available information in different ways. Credit files rely on feeds from many different businesses including lenders and some utility companies. While I acknowledge Miss D's concerns, I haven't found anything that persuades me that any change in her credit standing would solely be as a result of anything NewDay did here.

I've gone on to consider whether NewDay's resolution of Miss D's complaints were appropriate together with the levels of compensation they've paid.

Compensation is a personal thing. What is seen as reasonable by one party may not be considered so by another. Miss D clearly did experience inconvenience in her dealings with NewDay and I appreciate her frustrations. But I think the amounts they've paid feel fair in all the circumstances here and they appear to be in line with what I would expect. I appreciate

that Miss D doesn't agree. But it isn't the role of this service to make awards in order to penalise NewDay for their mistakes. Any award is considered based upon the impact NewDay's mistakes had upon Miss D. And I think the compensation already paid by NewDay does that here.

I think Miss D's decision to be open with NewDay about her circumstances and ask for help was absolutely the right thing for her to do. I appreciate it would've been a difficult and worrying time for her. It's very unfortunate that NewDay made mistakes along the way. But I do think they've since addressed those mistakes in an appropriate manner. I realise Miss D will be disappointed, but I won't be asking NewDay to do anything more here.

My final decision

For the reasons set out above, I don't uphold Miss D's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss D to accept or reject my decision before 21 December 2022.

Dave Morgan
Ombudsman