

The complaint

Mr J is complaining that NewDay Ltd applied missed payments to his credit file.

What happened

In May 2019 Mr J entered into a credit card agreement with NewDay. In May 2021 he entered into a repayment plan to pay a reduced monthly payment of £30 per month. In October 2021 he contacted NewDay again to look to agree a reduced settlement to pay off the credit card balance and he also said he could no longer afford to pay £30 per month. And he asked to pay £1 per month. NewDay agreed to do so for a two month period.

In January 2022 Mr J later complained to NewDay again to say it had reported missed payments on his credit file. NewDay explained this was because he was paying less than 1% of the outstanding balance. So Mr J agreed to increase the payments to £8.50 per month to prevent missed payments being recorded. But NewDay said it had recorded correct information on his credit file so it wasn't willing to remove the markers.

I issued a provisional decision upholding this complaint and I said the following:

"There's no dispute that NewDay can report missed payments where Mr J paid less than 1% of his outstanding balance. The issue for me to decide is whether NewDay did enough to explain this to him when it gave him the reduced payment plan.

NewDay has highlighted it wrote to him to confirm the £1 monthly payments and set out that this could have an impact on his credit file. I don't dispute this. But I've taken particular note to the information Mr J was given when he asked for the reduced payments.

It seems Mr J asked for this reduction through NewDay's online chat facility. I can see the advisor advised him that paying less than 1% per month could impact his credit file. But Mr J responded to this and said "I've been advised in the past that my account would never ever enter such threats through medical issues existing, I eagerly wait a response to my complaint". I think the advisor should have reiterated here than paying less than 1% could result in adverse markers being recorded as I think it's clear from the this Mr J was unaware that missed payment markers would be recorded as he queried it with the advisor and wasn't given any follow up information. I'm satisfied that, had he been given clearer information at that time, he would have arranged to pay £8.50 per month as opposed to £1 per month. And, it follows, that had he done so missed payment markers wouldn't have been recorded. So I think Mr J has lost out as a result of this and I think NewDay should arrange to remove the missed payment markers from Mr J's credit file."

NewDay didn't respond to my provisional decision. Mr J said he was happy his complaint had been upheld, but queried if he would be compensated.

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.

As neither party has given me anything further to think about regarding whether the complaint should be upheld or not, I see no reason to reach a different conclusion to the one I reached in my provisional decision. So I uphold this complaint for the reasons I've set out above.

I note Mr J has queried whether he would be compensated. But I'm satisfied that removing the missed payment markers from his credit file is fair compensation. While I think NewDay should have given him better information regarding the repayment plan in October 2021, I'm also conscious it has actively looked to support him in other ways – particularly in allowing him to make significantly reduced payments without recording material adverse markers regarding this. I'm also not persuaded I've seen enough to say that he's lost out as a result of this issue alone.

Ultimately, I'm satisfied that NewDay removing the missed payment markers puts things right for Mr J. So I don't think NewDay needs to pay further compensation.

My final decision

For the reasons I've set out above, it's my final decision that I uphold this complaint and I require NewDay Ltd to remove the missed payment markers from Mr J's credit file. I make no further award.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 19 April 2023.

Guy Mitchell
Ombudsman