

The complaint

Mr H says NewDay Ltd, trading as Aqua, unfairly and prematurely closed his credit card account.

What happened

Mr H's account fell into arrears and NewDay agreed in November 2022 to set up a three-month payment holiday. This was confirmed to Mr H in writing as was the expiry date of the holiday, which was 19 March 2023 – by which time, among other things, the arrears needed to be cleared in full. Mr H called NewDay in December 2022 to discuss the letter which had crossed with another one giving notice of a default to be applied to the account.

NewDay confirmed the letters had crossed and that a payment holiday had, in fact, been set up. NewDay ultimately closed the account after 19 March, saying it hadn't received payment as required or had a subsequent response from Mr H to any of the calls made or letters it had sent about the arrears to indicate he wouldn't be able to repay.

Unhappy with NewDay's response, Mr H complained. NewDay replied that it had given him sufficient opportunity to repay the arrears. In the absence of payment by the deadline set, it closed the account and sold it onto a third-party debt purchaser in line with the terms and conditions of the credit agreement. NewDay did, however, pay Mr H £50 to compensate him for customer service issues. Mr H complained to this service as he didn't think the response was adequate.

Our investigator considered the complaint but was unable to recommend that it should be upheld. They believed NewDay had acted fairly in closing the account as it had and in paying him compensation in relation to the service he'd received.

Mr H didn't agree with the investigator's findings. He said NewDay's payment of compensation showed his overall complaint should be upheld. The case was passed to me to review afresh.

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.

Having done so, I don't uphold this complaint. I'll explain why.

It's not in dispute that the terms of the credit agreement required Mr H to make certain payments on a monthly basis. By the time NewDay wrote to him in November 2022, he'd missed consecutive minimum payments and was in breach of those terms. As such, NewDay was entitled to take action to try to recover the arrears.

Nevertheless, I need to determine whether NewDay treated Mr H fairly. Taking into account that Mr H was informed of the arrears on the account in good time, and of the consequences of non-payment by the end of the payment holiday, overall I think it has. Despite being made

aware of the arrears, there's no evidence to support that Mr H tried to contact NewDay to pay them or alternatively to discuss any difficulties he might have been experiencing in clearing them. It's possible that he tried to call it to do this but, without any evidence to indicate on balance that's what happened – such as call notes from that time – I can't say with any certainty that that's the case.

NewDay's provided its record of inbound calls on Mr H's account and these show no trace of any calls from him just prior to its closure. NewDay's been able to provide some call recordings from the time and I've listened to these carefully. But they don't suggest to me NewDay shouldn't have closed the account when it did. If anything, I believe they suggested to NewDay that Mr H would be making payment as requested and on time.

I'm aware that, as Mr H says, NewDay paid him £50 in compensation. I'm satisfied that was regarding an allegation made by Mr H about a call (in December 2022). NewDay says the compensation was paid as it couldn't locate the call at that time and so couldn't accept or deny what he'd said about being promised a call back. It subsequently found the call and, on reviewing it, didn't consider it had done anything wrong at that time. I've also listened to the call and am satisfied it didn't promise Mr H any call backs before closing the account and that he'd not requested that. That being the case, I don't believe NewDay should pay any additional compensation for this aspect.

Taking everything into account, I find that NewDay treated Mr H fairly, overall, in closing the account as it did and in how it responded to the service issues he raised.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 9 January 2024.

Nimish Patel
Ombudsman