

The complaint

Mrs K complains that after making a large payment towards her PayDown plan with NewDay Ltd, trading as Fluid, her monthly payments didn't reduce.

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 Mrs K, but I don't think NewDay need to do anything more than they have already proposed. I'll explain why.

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.

I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point it's not because I've failed to take it on board and think about it but because I don't think I need to comment on it in order to reach what I think is the right outcome.

The Consumer Credit Sourcebook (CONC) issued by the Financial Conduct Authority, sets out some requirements firms should take when consumers are in persistent debt, as Mrs K was when NewDay wrote to her. Among other things it says the consumer should be given options to reduce the balance. Those options were set out by NewDay to Mrs K when they wrote to her in August and September 2022. I think NewDay complied with the requirements set out in CONC.

One of those options was to pay more over a prolonged period until the debt was reduced to zero (a PayDown plan). Mrs K's paydown plan started in late 2022. She was required to pay a little over £83 for 48 months and NewDay explained that she could continue spending on her card but, if she did, the payments would attract a higher minimum repayment to ensure the debt continued to reduce.

Mrs K made a large payment towards her debt in 2023. She's upset that it didn't reduce her monthly repayments and she's also upset that NewDay allowed her to continue spending on the card and that they wouldn't remove the Pay Down plan.

I wouldn't expect a business to remove a PayDown plan as that may mean they were no longer complying with the requirements under CONC.

The letters NewDay sent to Mrs K explained that she could still choose to make additional payments and that if she did it would reduce the interest she would pay and allow her to pay

off the balance earlier. That appears to be the case. NewDay have explained that payments did reduce after the lump sum was paid and so did the interest and the balance on the account. I don't think NewDay have made any mistakes in the way they have credited the lump sum payment to the account.

While some companies may stop further spending on a credit card that is in persistent debt, I don't think NewDay had to. They explained that if there was any spending the minimum payment on that spending would increase. I think that ensured the debt wouldn't persist in the long run.

Putting things right

Since Mrs K referred her complaint to this Service, NewDay have agreed to pay her £100 as they have accepted they had initially given inaccurate information to her about the potential to remove the PayDown plan. In the circumstances, I think that was sufficient. but I don't think they need to take any other action.

My final decision

For the reasons I've given above, I uphold this complaint in part and tell NewDay Ltd to pay Mrs K £100 in respect of the distress and inconvenience caused (unless they have already done that).

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs K to accept or reject my decision before 2 April 2024.

Phillip McMahon
Ombudsman