

The complaint

Mr D complains about difficulties making a payment via NewDay Ltd trading as Pulse's app. Mr D also complains that NewDay unfairly recorded Query Markers (Q markers) on his credit file when he raised a complaint.

What happened

The background to this complaint and my initial conclusions were set out in my provisional decision. I said:

On 16 April 2023 NewDay issued a monthly credit card statement to Mr D that said he had an outstanding balance of £301.19 and that a minimum payment of £5 was due by 11 May 2023. On 17 April 2023 Mr D made a payment of £301.19, clearing the outstanding balance in full. Mr D continued to use his credit card for everyday spending.

On 8 May 2023 Mr D attempted to make a manual payment via NewDay's app. But Mr D's explained that the app appeared to have a technical problem that meant he couldn't make the payment. Mr D went on to contact NewDay and raised a complaint. Mr D's told us he received an acknowledgement text from NewDay on 9 May 2023 confirming his complaint had been raised. On 11 May 2023 Mr D received notification from a business that provides access to his credit file that his credit score had dropped. Mr D's payment was received by NewDay on 24 May 2023.

When Mr D checked his credit report he found NewDay had added a Q marker for the month of May 2023. Mr D went on to complain to NewDay about its use of the Q marker. Mr D also asked a credit reference agency to challenge the Q marker with NewDay and apply a Notice of Correction to his credit file.

NewDay continued to report the Q marker in June 2023 while it was investigating Mr D's complaint. A final response was issued on 6 July 2023. NewDay said it hadn't identified any known issues with its payment systems on 8 May 2023 that impacted other customers. But NewDay accepted Mr D hadn't been able to use its app and offered him £85 to apologise for the distress and inconvenience caused. NewDay added that it's obliged to report accurate information on Mr D's credit file which is why it recorded the Q marker to show he'd raised a dispute. NewDay said the Q marker should be removed from Mr D's credit file by 10 July 2023.

Mr D referred his complaint to this service. Within Mr D's submissions he provided evidence that NewDay's Q marker continued to be recorded on his credit file in August 2023, despite its promise to delete it made in the final response. An investigator looked at Mr D's complaint but wasn't persuaded NewDay had acted unfairly. Mr D asked to appeal and explained his view is that NewDay had unfairly applied the Q marker which had led to a clear reduction in his credit score. As Mr D asked to appeal, his complaint has been passed to me to make a decision.

What I've provisionally 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'm aware I've summarised the events surrounding this complaint in less detail than the parties involved. No discourtesy is intended by my approach which reflects the informal nature of this service. I want to assure all parties I've read and considered everything on file. I'm satisfied I don't need to comment on every point raised to fairly reach my decision. And if I don't comment on something, it's not because I haven't considered it. It's because I've focused on what I think are the key issues. My approach is in line with the rules we operate under.

Mr D's case falls broadly into two parts, so I'll look at each in turn. Mr D explained he wanted to make a manual payment on 8 May 2023 and tried to use the NewDay app. But despite making multiple attempts, he was unable to do so. NewDay has supplied systems evidence that shows the number of attempts Mr D made to make his payment. And I can see NewDay's final response advises this was likely an isolated incident that only affected Mr D. NewDay apologised to Mr D and offered £85 for the distress and inconvenience caused. I can understand why Mr D was frustrated his payments didn't go through. But I'm satisfied NewDay's offer of £85 fairly reflects the difficulties he experienced when trying to make payments, so I'm not telling NewDay to take any further action in relation to this aspect of Mr D's complaint.

Our investigator asked NewDay to confirm the basis on which it applies the Q marker to a customer's credit file. NewDay's case manager said "I can confirm we apply query markers to a customer's credit file every time a complaint is raised, regardless of the complaint type." In addition, in its original file submission, NewDay said the Q marker is reported to ensure other lenders are aware that the information recorded on a customer's credit file may not be correct while the complaint is on-going. In my view, the use of the Q marker following receipt of Mr D's complaint was unreasonable. I'll explain why.

The Steering Committee on Reciprocity (SCOR) is a forum made up of representatives from the credit industry, including the credit reference agencies. SCOR gives guidance in its Principles of Reciprocity. The main thrust of the Principles of Reciprocity is that data is shared only for the prevention of over-commitment, bad debt, fraud and money laundering and to support debt recovery, debtor tracing or to avoid irresponsible lending. But here, NewDay's confirmed it reported a Q marker to reflect the fact Mr D raised a complaint about its app. I can't see that the grounds NewDay has cited fall within the guidance provided by SCOR or bear any relevance to how payments were made.

As I've noted above, Mr D had already made his contractual monthly payment when he cleared the full outstanding balance on 17 April 2023. So whilst Mr D was complaining about NewDay's app and difficulties making a payment, it had no bearing on his obligations under the credit agreement or the way his account had been handled. I see no fair reason for reporting a complaint of that nature to the credit reference agencies.

During the investigation, Mr D provided evidence that showed the Q marker was being reported as late as August 2023, a month after NewDay said it would remove the entry. It's not clear why the Q marker continued to be recorded. But given NewDay had issued its final response to Mr D's complaint and agreed to remove it by 10 July 2023, I'm satisfied it shouldn't have still been reported. I've factored this into how I think Mr D's complaint should be resolved.

I invited both parties to respond with any additional comments or information they wanted me to consider before I made my final decision. Mr D responded and confirmed he was willing to accept.

NewDay responded and said its use of the Q marker was in line with guidance provided by one of the three main credit reference agencies. Experian quoted a section that reads "Where a query exists on an account, for example a merchandise complaint or a dispute over a defaulted account, the record should be flagged with the letter "Q" for the term of the query". NewDay says its systems are unable to differentiate between an administrative complaint and financial issue which means it reports all complaints with a Q on the customer's credit file.

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 I've set out above, NewDay quoted guidance it says was provided by one of the main credit reference agencies. I note the guidance gives some examples concerning the types of events that could lead to the use of a Q marker on a consumer's credit file. But neither of the examples provided in the quoted guidance reflect Mr D's complaint which was administrative in nature following a problem he experienced using NewDay's app. And there's nothing in the quoted section that says NewDay should record a Q marker every time a customer raises a complaint.

As I said in the provisional decision, Mr D's payments were maintained in line with his credit agreement while he complained. There was no dispute with a retailer and Mr D's complaint didn't relate to a defaulted account or anything he may've done outside of the terms and conditions of his credit card. I don't see how the Q marker NewDay recorded on Mr D's credit file falls in line with the guidance it quoted in response to my provisional decision.

NewDay's explained both during the investigation and in response to my provisional decision that it applies the Q marker whenever a customer makes a complaint. And NewDay's explained that its systems can't tell the difference between a complaint that is administrative in nature and one that relates to financial issues – so all are reported with a Q marker. As a service we can't tell NewDay how to operate. We consider complaints on an individual basis. So I'm only going to talk about how the policy of applying a Q marker when Mr D complained, regardless of the issue, is fair in his circumstances.

I remain of the view that by recording a Q marker against Mr D's credit file for raising what is a complaint that has nothing to do with any financial issue, merchant or card dispute or his obligations under the credit agreement NewDay has treated him unfairly. Mr D's provided evidence from his credit file that the Q marker led to a reduction in his credit score. So whilst NewDay claims the Q marker is neutral, that's not Mr D's experience. In my view, Mr D ought to be in a position to make a complaint about his account with NewDay without fear the issue being unnecessarily reported on his credit file. There will be circumstances where it's appropriate for NewDay to use the Q marker. But I'm satisfied that by applying a blanket policy in reporting the complaint Mr D made NewDay's failed to treat him fairly.

In my provisional decision I also noted that NewDay hadn't removed the Q marker from Mr D's credit file in line with promises made in its final response. I note no response from NewDay on this point was made.

I've considered everything Mr D and NewDay have said when bringing the complaint and in response to my provisional decision. Having done so, I still think Mr D's complaint should be upheld, for the same reasons.

My final decision

My decision is that I uphold Mr D's complaint and direct NewDay Ltd trading as Pulse to settle as follows:

- If it hasn't done so already, ensure the Q markers reported from May 2023 onwards are removed from Mr D's credit file
- Pay Mr D an additional £200 for the distress and inconvenience caused, taking the total award to £285 (less any compensation already paid)

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 16 January 2024.

Marco Manente
Ombudsman