

## **The complaint**

Mr H complains that NewDay Ltd didn't provide the service it should have and didn't treat him fairly when he was experiencing financial difficulties.

## **What happened**

Mr H contacted NewDay to ask for some breathing space on his account explaining that he wasn't receiving full pay and had mental health issues. He says NewDay agreed to this but then sent him a letter saying the arrears on his account needed to be paid or his account would be passed to a debt collection agency or court. He says he was under a lot of stress and this letter was very distressing and worrying. Mr H contacted NewDay, and the adviser refused to send a letter of apology or cancel the threatening letter, they just confirmed his account was on breathing space. Mr H raised a complaint and then contacted NewDay to say he was working with a debt charity. He says he was told his account would be put on hold but a few days later he received a letter saying his agreement had been terminated. Mr H says he hasn't been treated fairly and the letters and actions of NewDay have caused him a lot of stress.

NewDay issued a final response letter dated 19 July 2023 confirming that blocks were placed on both of Mr H's accounts. It said Mr H's Pulse account was put on hold on 2 May 2023 and a payment holiday applied on 24 May 2023 to 24 June 2023 and that the letters it sent were about the status of the account and it was obliged to send these. It said when an account falls over 60 days in arrears it must take action to prevent its customer's falling further into debt. Due to this it withdrew the credit facilities from Mr H's account. It explained that it can pass the debt to a Debt Collection Agency to collect on its behalf or sell the debt and this is in line with its terms and conditions. NewDay noted that while the account will remain closed a payment plan can still be implemented.

Our investigator upheld this complaint. He noted that a payment holiday was applied to Mr H's account but that when this ended his account was terminated the next day. He didn't think Mr H had been treated fairly as his account was defaulted even though he had contacted NewDay about his circumstances. Because of this he recommended that NewDay pay Mr H £150 compensation.

NewDay didn't agree with our investigator's view. It said that it was confirmed that when the payment holiday ended Mr H would need to make at least his contractual minimum monthly payment and if there were any amounts already overdue these would need to be paid immediately. As no payment was made by 24 June 2023, Mr H's account was terminated. It says the next payment wasn't made until 31 July 2023, a month after his payment holiday ended. It said it hadn't made any mistakes regarding Mr H's account and had acted in line with the account terms and conditions.

## ***My provisional conclusions***

I issued a provisional decision on this complaint the details of which are set out below.

*I understand that Mr H feels that NewDay hasn't provided him with the support it should have when he explained his circumstances. But for me to uphold this complaint I would need to be satisfied that NewDay had done something wrong or treated Mr H unfairly.*

*I have looked at the statements provided from Mr H's Pulse account, and I can see that he was struggling to maintain his payments at the start of 2023. He incurred default charges, and I can see he received a letter from NewDay dated 16 March 2023 saying his direct debit had been cancelled following his request. Mr H's statement dated 26 March 2023 showed the arrears on his account that were due for immediate payment and noted that his account had been suspended.*

*Mr H contacted NewDay through its online chat facility on 4 May 2023. At this time there were arrears on his account. The chat initially notes Mr H as saying he would be able to clear the arrears in three weeks and then return to contractual payments but then the option of a payment holiday is given which Mr H says he would like applied to both his accounts. The information provided says that Mr H will need to bring his accounts up to date by the end of the payment holiday and that if agreed payments aren't made by the agreed date the account is at risk of being placed with a debt collection agency. The information provided at this time in regard to the Pulse account also says no further collections calls/ letters/ statements will be sent through the payment holiday period, but regulatory notices will need to be sent. Mr H was then sent a letter confirming this information and the need to pay any overdue amounts immediately when the payment holiday ends. Based on this I find that Mr H should have been reasonably aware that he needed to make the payments to clear his arrears before the end of the payment holidays to prevent further action being taken.*

*Mr H received a notice of default on his Pulse account dated 5 May, the day after the payment holiday had been set up. I can understand why this will have caused Mr H distress and NewDay has said that it was unfortunate, and that the payment would have been suspended until the end of the payment holiday period. Mr H contacted NewDay's online chat and was told he could ignore the default letter but that he needed to make the payment before the end of his payment holiday. Mr H was told to ignore the default letter, but I think NewDay should have been clearer at this point about why this had been sent. It did explain that the amount was still due by the end of the payment holiday so I find that Mr H should have been aware of the consequences of not making a payment by that date, but I think the information provided could have been clearer and NewDay should have been more empathetic to the upset this had caused Mr H.*

*Mr H was sent a letter dated 14 June 2023, which noted his payment holiday would come to an end on 24 June. It reminded him that any payments that were due before the payment holiday began would become immediately payable and that if he didn't have a direct debit in place he should contact NewDay before the end of the payment holiday to make payment. Mr H didn't contact NewDay at this time or make the payment that needed to be made on 24 June. So, while I can understand that Mr H feels that his account shouldn't have been terminated the day the payment holiday came to an end, given the status of his account before the payment holiday was applied and that he didn't make the payment he was informed he was required to make before or on 24 June, I do not find I can say NewDay did anything wrong, or treated Mr H unfairly by taking the action it did to terminate his account.*

*NewDay has said that as Mr H's account has been terminated interest and charges won't be applied and I can see that a payment arrangement has been set up. I find this reasonable.*

*In conclusion, while I understand how upsetting it would have been for Mr H to have his account terminated on the day the payment holiday ended, given the arrears on his account and the information he was provided with about the need to make payment by this date, I do not find that I can say NewDay did anything wrong by taking this action. NewDay is required*

*to provide accurate information to the credit reference agencies and I understand that at the time it provided its submission a default hadn't been reported.*

*However, I do find that NewDay could have provided better service when Mr H contacted it following receipt of the default notice. This was clearly upsetting and NewDay was aware that Mr H is a vulnerable consumer. Therefore, I think it could have been more empathetic to his situation and apologised for the upset caused and provide a clearer explanation as to why the letter was sent. Because of this I think that NewDay should pay Mr H £50 compensation.*

NewDay accepted my provisional 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.

As no new information was provided in response to my provisional decision, my conclusions haven't changed.

While I do not underestimate the upset that Mr H has experienced, as I set out in my provisional decision, I do not find that I can say NewDay did anything wrong by taking the action it did regarding Mr H's account. I say this because Mr H was provided with the information he needed to be aware of the payment that was due on 24 June 2023 and the actions that could take place if this wasn't made.

I do however think that NewDay could have been more empathetic to Mr H's situation when he made contact about the default letter and could have provided a clearer explanation as to why the letter was sent. Because of this, I think that NewDay should pay Mr H £50 compensation.

### **Putting things right**

NewDay Ltd should, as it has agreed, pay Mr H £50 compensation in resolution of this complaint.

### **My final decision**

My final decision is that NewDay Ltd should take the action set out above in resolution of this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 11 March 2024.

Jane Archer  
**Ombudsman**