

The complaint

Mr L complains about the way NewDay Ltd, trading as Aqua, managed his credit card account.

What happened

Mr L held a credit card with NewDay until 2022, when the agreement was terminated.

Prior to termination, Mr L had missed several repayments and been sent a Default Notice. He'd contacted NewDay, at fairly regular intervals, to explain his personal and financial situation. In summary, Mr L had described how he was struggling financially to some degree and, alongside that, how he'd had to leave the country and wasn't sure when – or even if – he would return.

Mr L says that, during these conversations with NewDay, he was misinformed about what would happen with his credit card. He says he was assured that the management of his account would be kept in-house with NewDay, given his circumstances; that is as opposed to being passed or sold to a third-party, like a debt collector or a debt purchaser.

However, Mr L's account was, in fact, passed to a debt collector – in July 2022 – and then a short while later – in November 2022 – sold to a third-party debt purchaser. Mr L complained separately about both events and, in response, NewDay issued two final response letters. Both letters upheld Mr L's complaint, agreeing that he'd been misadvised about the potential for his account to be sold on, and he was awarded a total of £235 compensation for the errors.

Mr L, though, remained unhappy. So, in September 2023, he approached this Service for an independent review. In brief, Mr L told us that he felt NewDay hadn't supported him; that it erroneously sold on his debt, and that it didn't care about his personal or financial situation.

An Investigator here reviewed what had happened and, while he understood Mr L's point of view, he didn't think NewDay needed to take any further action. The Investigator said there was no doubt that NewDay could've administered things much better than it had but, overall, the compensation already paid was a reasonable amount to reflect those oversights.

Additionally, the Investigator said that NewDay hadn't unfairly defaulted Mr L given he'd missed several contractual minimum repayments. Finally, the Investigator added that even if the account had been kept in-house with NewDay, it was most likely the case that Mr L's overall position would be the same.

Mr L didn't accept our Investigator's view. So, as no agreement has been reached, Mr L's complaint has been passed to me to decide.

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.

At the outset, I think it's important to explain that while Mr L has set out his position at some length, I haven't commented on each and every point. Our role is to be informal; my approach here is simply to align with that purpose, and I do hope Mr L won't take it as a discourtesy.

I'll also say upfront that I can surely understand Mr L's frustration here. It's clear that things have been difficult for him. It's also clear to me that NewDay could've administered Mr L's account much better than it did. NewDay has acknowledged as much, and there's no question Mr L was given wrong information which, understandably, mismanaged his expectations. I'll clarify at this point that I've not considered the *affordability* of Mr L's credit card here; that is, whether it was indeed appropriate or affordable for him. That's a separate matter to the *administration* of his credit card, and not the subject of this complaint.

With all of that said, in the circumstances here, I don't require NewDay to take any further action. No doubt that will disappoint Mr L, so I'll explain why. First, looking back through Mr L's repayment history, I don't consider the default it applied to be unfair. I can see that Mr L didn't meet his minimum contractual repayment in the three months leading up to NewDay issuing a Default Notice – and he'd missed several repayments before that point.

I've seen Mr L's account was in persistent debt; NewDay sent correspondence, as I'd expect it to, drawing Mr L's attention to that fact. It offered support too, like informal arrangements and stopping charges – but even so, broadly, I'd expect to see a Default Notice issued once an account reaches three or more months in arrears. That's what happened here and – given the missed payments – I don't think that decision, to issue a Default Notice, was an unreasonable course of action on NewDay's part.

NewDay's Default Notice gave Mr L until 15 July 2022 to repay the arrears. If he didn't, NewDay said it would terminate the agreement and Mr L's full balance would become payable. Moreover, the Default Notice set out that NewDay would restrict Mr L's account entirely; it would record details with Credit Reference Agencies (CRAs), and it may sell the account to a third-party.

Mr L didn't repay the arrears and, consequently, the agreement was terminated as NewDay said it would be. Again, I don't consider that to be inherently unreasonable; and I can be satisfied that NewDay followed the steps it said it would in its Default Notice.

Putting due process to one side, however; the crux of the matter here, I think, is Mr L's conviction that NewDay didn't do enough to support him. Principally, that it did sell his account on; something it widely indicated that it wouldn't do after Mr L had been in touch about his broader circumstances.

I can surely understand why Mr L is aggrieved but, looking holistically here, I'm not persuaded that even if NewDay had kept his account in-house, the current position would be any different. I say that because I've not seen anything to suggest Mr L has been put to any additional inconvenience or distress as a direct result of his debt being with a debt purchaser, as opposed to staying with NewDay.

The fact is, of course, that Mr L did default, and his full balance became payable. While no doubt disappointing for Mr L that his expectations were mismanaged, which I'm satisfied they were, I've not seen – based upon the information I have – that there's been subsequent impact to him; that something's happened which wouldn't have occurred regardless, of his debt being sold on.

It's surely right, though, that NewDay compensate for its poor management of his account; I've seen that it's previously paid a total of £235 to recognise the misinformation he was given. Overall, in all the circumstances here, I think that's a fair and reasonable amount to

recognise the failings on NewDay's part; I'm satisfied it's a suitable level of compensation to acknowledge the mismanagement of Mr L's expectations, and the impact this has had on him.

Overall, and to sum up, NewDay has made mistakes here; that said, it recognised those mistakes, and it compensated Mr L for them. That's just what I'd expect it to do. And even though there's possible grounds to say it perhaps shouldn't have sold on Mr L's debt, it can ultimately do so; and I've not seen that Mr L has been put to any further distress and/or inconvenience as a result of NewDay doing so.

Instead, based on the information I have available, I find it to be the case that Mr L's position is most likely, broadly, the same now as it would be had NewDay kept ownership of his debt. So, I don't require NewDay to take any further action.

My final decision

My final decision is that I don't uphold Mr L's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 28 August 2024.

Simon Louth
Ombudsman