

The complaint

Miss L complains NewDay Ltd provided unclear information relating to what payments should be made towards her credit card. Miss L is also unhappy with how NewDay have been reporting her credit card to the credit reference agencies (CRAs).

What happened

I issued my provisional findings to both parties setting out why I thought Miss L's complaint should be upheld in part, and invited both parties to provide any further submissions in reply to my provisional decision.

The background to this complaint was set out in my provisional decision together with my provisional findings which are included below and now form part of this final decision.

Background

In March 2022 Miss L took out a branded credit card with NewDay.

Miss L's January 2023 statement said: 'payment requested £34.81'. It explained this was made up of Miss L's contractual minimum payment of £34.81.

In February 2023, Miss L's statement said: 'payment requested £69.25'. It explained this was made up of Miss L's contractual minimum payment of £36.98 and recommended extra payment of £32.27. The statement further explained that it was recommended to pay the 'payment requested' each month, but that at least the contractual minimum payment should be made.

Miss L complained to NewDay in March 2023 as the payment options on the app she used did not make it clear that the 'payment requested' amount had changed and it was not simply the contractual minimum payment.

During the course of discussing her concerns with NewDay Miss L became aware of a 'Q' marker reporting on her credit file against her NewDay credit card. Miss L complained to NewDay that presenting her credit card account as being 'disputed' was not right, as her account was paid up to date. Miss L said the marker was therefore affecting her good financial standing.

NewDay removed and re-added the marker on more than one occasion during the course of these events.

Miss L said these events affected her credit score, and in turn led to another of her credit card providers reducing the credit limit on her card in June 2023.

NewDay responded to Miss L's complaint in May 2023. They explained Miss L's account was set up to take the 'payment requested' amount. By including the contractual minimum payment and the recommended extra payment, this meant over time Miss L's balance would reduce more quickly and she would pay less interest. NewDay said this level of payment

was not compulsory, so Miss L could make just the contractual minimum payment if she wanted.

NewDay explained changes to their app meant there was no longer a contractual minimum payment option, but there was an option to choose 'other payment' if someone just wanted to make the contractual minimum payment or a different payment amount.

NewDay also explained that the 'Q' marker on Miss L's account served as an alert that there was an active investigation, but it would be removed once the matter had been resolved. As a gesture of goodwill, NewDay refunded Miss L's interest from March and April 2022 back to her account.

Our Investigator reviewed the complaint and concluded NewDay had not done anything wrong. Miss L strongly disagreed and so the matter has been passed to me to decide.

My provisional findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I am sorry to learn of Miss L's health challenges and how much this matter has personally affected Miss L and her well-being.

Having reviewed what Miss L has submitted to this service for consideration, and in light of the resolution Miss L is seeking – compensation of £5,000 – I think it may be helpful to explain the role and limitations of this service.

The Financial Ombudsman Service was set up to review individual complaints and reach a resolution on the basis of what is fair and reasonable in the circumstances of each case. This service is therefore not a consumer champion, nor is it set up to fine or punish businesses, or request that businesses change their processes or practices – that is for the regulator to consider. As the Financial Ombudsman Service is also an informal dispute resolution service, it does not have the authority of the courts, so it does not decide if a law has been breached.

In reaching my decision I have taken into account any relevant law and regulations, regulators' rules, guidance and standards, codes of practice and (where appropriate) what is considered to have been good industry practice at the relevant time to decide what is fair and reasonable in the circumstances of this complaint.

After reviewing Miss L's concerns I am minded to reach a different conclusion to our Investigator and uphold Miss L's complaint in part, as I'll explain below. I would also like to reassure the parties that while I've only provided a summary of what's happened, I have reviewed all the submissions available to me. In my findings below I have referred to particular evidence and submissions in more detail where I consider them to be relevant to my decision.

Miss L raised her complaint as she found she had made higher monthly payments towards her credit card than she had needed to in order to satisfy her obligations under the credit agreement.

Miss L said it was the information in the app that was unclear in setting out what payment she was required to make.

The financial regulator's, the Financial Conduct Authority (FCA), handbook of rules and

guidance includes high level standards for firms to follow known as The Principles. Principle 7 sets out that a firm must pay due regard to the information needs of its clients and communicate information to them in a clear, fair and not misleading way.

Screenshots

I've reviewed screenshots of the app which Miss L has provided, and I have seen from the submissions that the information on the app has changed since Miss L's screenshots were captured. I also asked NewDay for some further information about the app.

NewDay confirmed their digital team had already been working on making the payment journey in the app more intuitive for customers prior to Miss L raising her complaint. The changes were implemented on 24 May 2023.

NewDay also clarified that the (i) icons on the screenshots Miss L says were confusing did provide some further information about the payment options if clicked on and expanded. Miss L's screenshots of the app from March and April 2023 showed the payment options as:

- Payment requested
- Statement Balance
- Current Balance
- Other amount

If 'Payment requested' was clicked on, an amount was presented to be paid by a specified due date. There was also an (i) icon.

NewDay have explained that by clicking on the (i) icon this would have provided more information about how the payment would've been made up. (Although I disagree with NewDay's submission to us that the example from Miss L's March 2023 payment, with a payment request of £58.55 was the contractual minimum payment, given Miss L's statement clearly shows it is made up of a contractual minimum payment of £32.55 and a recommended extra payment of £26.)

Since Miss L captured the above screenshots of the app, the app now makes clearer what the 'Payment requested' is made up of. NewDay's screenshot of an updated app screen says: Payment Requested – This includes your contractual minimum payment and, if shown on your Account Summary, an optional recommended extra payment. There are then the words 'Learn more' to click on for further information.

I think it's fair to say NewDay had already recognised the information on their app could be made more intuitive for customers prior to Miss L raising her complaint as the fix was implemented in May 2023.

I think it's also fair to note that the information on Miss L's statements during the course of these events were clear. Each statement set out the Payment requested and then clearly showed this was comprised of the contractual minimum payment and recommended extra payment.

I'm also mindful that the app did provide the option to pay an 'Other Amount' which meant there was always the option to change the amount being paid. NewDay said Miss L could also have set up a direct debit to make contractual minimum payments if that is what she wanted to do.

As I've mentioned, my role isn't to fine or punish the business or ask a business to change

its processes or systems, but I've carefully considered what's happened here to see if Miss L has been financially disadvantaged given NewDay's amendments to the app have recognised there were improvements to be made.

Miss L's responsibility on entering into the credit agreement with NewDay was to ensure she at least made contractual minimum payments each month. Miss L met those responsibilities as I understand she did not miss any payments towards her credit card. So while I realise Miss L found the information on the app unclear and NewDay accepted they needed to make improvements to the app, I'm unable to see that Miss L experienced a financial loss in relation to her card, and in making payments above the contractual minimum payment, it meant she would've paid less interest due to the additional amounts she paid off. So while I realise this matter upset Miss L, I don't think there's anything to put right here as the running of her credit card has not been affected.

Query marker

Miss L is unhappy that during the course of these events NewDay uploaded a 'Q' or 'Query' marker to her credit file. She says this directly impacted her credit score and upset her greatly due to how this affected her good financial standing to other organisations and creditors.

As a lender, NewDay supplies data to the CRAs and they're required to ensure that data is fair, accurate, consistent, complete and up to date.

In their most recent submissions to this service NewDay clarified they had correctly reported the Q marker for Miss L in line with their processes while the complaint was still active.

NewDay also said that on the occasions they had removed it for Miss L when she called in, on reflection this was something they should not have done. So the marker was reinstated each time for as long as Miss L's complaint was still being considered.

To report a Q marker while the complaint was being considered is a business decision made by NewDay, so it's not something I can interfere with. But I can consider if NewDay was fair to apply their process to Miss L's particular circumstances as Principle 6 requires businesses to pay due regard to the interests of its customers and treat them fairly.

I am mindful Miss L's account has always been reported correctly in terms of the balance and her payments to the account. I also note that following these events Miss L cleared her balance with NewDay. Miss L's account conduct has therefore never been disputed or been reported incorrectly such that another organisation or lender should question the information NewDay was supplying to the CRAs if they were to search Miss L's credit file. Miss L's complaint originated due to her concerns for her (and others) that the information in the app was unclear and more vulnerable individuals might find themselves disadvantaged because of it.

In light of this, I have to question the fairness of continuing to report a Q marker given Miss L's particular circumstances. I have not seen the relevant pages showing a Q marker on Miss L's file, but I've seen screenshots of Miss L's credit file which describe the account as 'Disputed'. As I've already noted, Miss L's account was being reported correctly and Miss L's concerns related to NewDay's processes, not specifically to her account. It therefore seems unfair and disproportionate to present Miss L's account as disputed, suggesting details about the account conduct were being questioned.

Early on during the complaints process Miss L let NewDay know that she was a vulnerable customer. NewDay offered Miss L additional support which she explained she did not

require, but a note was made on NewDay's systems to record what Miss L had told them.

Overall my findings on the Q marker are that in Miss L's circumstances the Q marker was not something that was reasonably needed. I think NewDay could have given greater consideration to Miss L's interests here and treated her fairly by removing the Q marker.

So did Miss L suffer a financial loss because the Q marker remained on her account?

Miss L says she did suffer a loss because another credit card provider reduced her credit limit by £400.

I've seen the credit limit was reduced in June 2023. At the time, Miss L's credit score was 501, so it was lower than the 591 score she had in February 2023 before these events began.

That said, a scoring system such as the one Miss L has referred to is for the individual's use only and organisations and lenders accessing an individual's credit file do not see the score, but rather will set their own tolerance for risk when deciding to lend. As I've said, any lender or organisation accessing Miss L's credit file would have seen correct information about Miss L's account conduct.

The other credit card provider wrote to Miss L on 7 June 2023 and explained as a responsible lender they had undertaken a periodic review of the credit limits offered to their cardholders to ensure they remained appropriate and affordable. They said a combination of factors were considered including information already held about the account and information from credit reference agencies.

While I accept it's possible a Q marker may have affected Miss L's score, in the circumstances I'm unable to say that this alone is what may have caused the other credit card provider to reduce Miss L's credit limit. I'm aware that in the previous month, in May 2023, Miss L's outstanding short-term debt had increased, and there was also a status update relating to a utilities company. So I think it would be unfair to hold the Q marker alone responsible for the reduction in Miss L's credit limit. The other credit card provider is also entitled to decide their tolerance for risk.

So I've not seen enough to say NewDay directly caused Miss L's other credit card provider to reduce her credit limit.

I do however acknowledge that Miss L's financial standing is very important to her and that this whole matter has been particularly distressing and upsetting for her. I'm unable to alter what has already happened, but I can recognise the personal impact this had for Miss L. I'm aware Miss L is seeking compensation of £5,000, but this does not fall within a range that this service would consider fair and reasonable in the circumstances of this case.

In the circumstances, because I do not think it was reasonable for NewDay to report the Q marker in Miss L's case, I think this caused her additional worry and concern about how she was being presented to other organisations and potential creditors. Deciding the impact such events can have on an individual is not easy. Miss L's level of investment in part has been driven by her wish to prevent other vulnerable consumers from being disadvantaged. The award I am proposing is not to be dismissive of Miss L's wider concerns, but I can only make an award to Miss L for what has happened in her particular case.

I'm aware Miss L feels NewDay's response to her raising this complaint was to place the Q marker on her file as a way to retaliate against her. However, I've not seen anything to suggest this. Rather, as I've explained above, it is NewDay's process to raise the Q marker

on an account where there is a complaint. So this is something applied to all customers, and I've not seen anything to suggest Miss L was being singled out here in any way.

While I acknowledge this matter has been particularly upsetting for Miss L and there have been no issues with her credit card account, I do think the Q marker on Miss L's credit file caused her much upset given she believed this meant NewDay were suggesting there was something wrong with her creditworthiness. And it also caused Miss L a level of inconvenience I do not think she needed to experience in order to try and sort out this matter. Overall I think £200 is fair in the circumstances to reflect that NewDay could have done more to treat their customer fairly here.

Responses to my provisional decision

NewDay confirmed receipt of my provisional decision, but did not provide any further submissions or evidence for me to consider.

Miss L replied to my provisional decision to express her concern that the compensation proposed did not properly reflect the impact to her well-being given her health condition, nor reflect the amount of time invested and the impact to her personal and financial standing. Miss L said the entire matter had caused her to question advocating for others given the impact and defamation caused to her in this case. Miss L proposed £1,000 compensation as a sum more reflective of the impact to her and time spent on these events.

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've carefully considered Miss L's most recent submissions and that she has mentioned an amount closer to around £1,000 to resolve this matter. Having reviewed the case again, and while I understand Miss L feels strongly about how this matter has affected her, I remain of the view that I think £200 is fair and reasonable in the circumstances of this complaint to recognise the upset and inconvenience caused. My decision is not intended to cause more upset to Miss L, or to take away from what she has shared about how she has been affected as I understand things may not always be easy for Miss L, but I have to decide what is fair and reasonable in all the circumstances of this case.

In my provisional decision I concluded that while it appeared accepted by NewDay that their app could have been more intuitive for their customers, Miss L had not suffered a financial loss given her credit card was well-maintained and she had not lost use of the credit facility. So I think it's fair to say there was no financial impact here to Miss L which could have caused her to worry.

I did however conclude it was unreasonable for NewDay to have continued to report the Q marker against Miss L's account given the management of the account itself was never in dispute and because Miss L's complaint was directed more towards NewDay's processes. I also noted in my provisional decision that if any organisation checked Miss L's credit file, it would have shown Miss L's account as up to date and reporting correctly in terms of the payments and the balance owing.

While I think it's fair to say the information about the account conduct was being reported correctly, I do recognise that the Q marker did worry Miss L when she became aware of it. As mentioned in my provisional decision, assessing personal impact to someone is not easy, but I think the sum Miss L is seeking to resolve this matter is greater than I think would be fair to award in the circumstances.

While making a complaint brings with it a level of disruption and upset, this in itself is not an automatic reason to make an award. Learning about the Q marker during the course of making the complaint about the app was no doubt upsetting to Miss L, but the Q marker did not always show on the account and Miss L's credit card account conduct was not reported incorrectly to the CRAs. I've also set out in my provisional findings above that any issue with Miss L's other credit card provider was unlikely to have been solely due to the Q marker.

I recognise understandably that Miss L's creditworthiness was important to her, and I have taken this into consideration with Miss L's other submissions. I do think NewDay could have done more to treat Miss L fairly with regards to the Q marker, but taking everything into account I think £200 remains a fair and reasonable sum to recognise the upset and inconvenience this caused.

Putting things right

NewDay Ltd should pay Miss L £200.

My final decision

For the reasons above, my final decision is that Miss L's complaint is upheld in part, and NewDay Ltd should put things right as I've described above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss L to accept or reject my decision before 25 April 2024.

Kristina Mathews
Ombudsman