

The complaint

Ms K has raised several complaints about the service she has received from NewDay Ltd.

What happened

NewDay issued final response letters addressing Ms K's complaints dated 23 April 2023, 24 August 2023 and 27 September 2023. A jurisdiction decision was issued explaining that we could consider the issues addressed in the final response letters dated August 2023 and 27 September 2023 but that the issues covered in the 23 April 2023 letter were referred to this service too late.

In the final response letter dated 24 August 2023, NewDay apologised that three letters were sent to Ms K in which she was incorrectly addressed. It said this was the result of human error and confirmed the issue had been corrected. It paid her £25 because of the upset this caused.

In the final response letter dated 27 September 2023, NewDay addressed Ms K's complaints about the termination of her account and that another credit card account was transferred to another party. It said that a default notice was sent to Ms K dated 26 July 2023 noting how much Ms K needed to pay by 16 August 2023. While a 30-day hold was placed on Ms K's account on 1 August this didn't stop the arrears and as payment wasn't made by the required date Ms K's account was terminated. Regarding Ms K's other account it said this was defaulted and sold to a third party in 2011. It said that if Ms K had questions about this account she should contact the debt owner.

Our investigator didn't uphold this complaint. He noted that NewDay had issued three letters to Ms K that were incorrectly addressed but thought the £25 compensation paid was a reasonable resolution. He explained that as a previous account of Ms K's had been sold to another party in 2011, NewDay no longer owned this and so it wasn't required to tell Ms K about its rebranding in 2014. Our investigator found that Ms K had been provided notice of the arrears on her account and the action she needed to take. As this didn't happen, he didn't think NewDay was wrong to take the action it did.

Ms K didn't agree with our investigator's view. She explained her health issues and the impact the stress of this complaint (and others) was having on her.

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 am sorry to hear of the health issues Ms K is experiencing and I understand that the stress involved in dealing with her complaints has made her situation worse. However, while I sympathise with Ms K's circumstances, I can only uphold this complaint if I am satisfied that NewDay did something wrong or treated Ms K unfairly and hasn't done enough to put this right.

Ms K has raised several complaints and, as set out above, this decision covers the complaints addressed in NewDay's final response letters dated 24 August 2023 and 27 September 2023.

Ms K has said that NewDay sent letters to her with the incorrect details contained. NewDay accepted that a mistake was made and that three letters were sent to Ms K which addressed her incorrectly. This isn't the service Ms K should have received. NewDay has apologised and explained how the issue arose and confirmed it has been rectified. It also paid Ms K £25 compensation. In this case, I find this a reasonable response.

Ms K complained that her account was terminated when she thought she had more time to address the issues. I have looked at the information provided and can see that Ms K contacted NewDay about her financial difficulties on 1 June 2023. She was sent an income and expenditure form to complete. NewDay received this on 22 August 2023 and a payment plan was set up from 1 September 2023. However, Ms K's account was terminated on 19 August 2023.

Having looked through Ms K's statements leading up to the account termination, these clearly show the arrears on the account. A letter was sent to Ms K dated 11 July 2023 asking her to make contact and then a notice of default letter was sent dated 26 July 2023. This letter set out the amount that needed to be paid before 16 August 2023 to prevent further actions (such as terminating the account) taking place. Given the above I find that Ms K was made aware of the status of her account and the action needed to prevent the account being terminated.

Ms K contacted NewDay on 1 August and was sent a letter following this saying that collection activity would stop until 31 August 2023. This letter explained that during this period interest and charges would be suspended. The letter also stated that making reduced payments could impact Ms K's credit file and that NewDay may report a default and that the account may be closed if this hadn't already happened. Based on this, I do not find I can say Ms K was told she would have more time to remedy her account. And as she was told of the payment needed by 16 August to prevent further action being taken, and this wasn't made, I do not find I can say NewDay did anything wrong by terminating Ms K's account.

Ms K also complained about a previous account but as this was sold to a third party in 2011, I do not find that NewDay was required to inform Ms K of its rebranding that took place in 2014. I also find it reasonable that NewDay referred Ms K to the debt owner in regard to any concerns she had regarding this debt.

In conclusion, I am sorry to hear of Ms K's health issues and I do not underestimate the impact of these. I appreciate that dealing with these complaints will have added to her stress. But, in this case, having considered the issues raised, I do not find I can uphold this complaint.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms K to accept or reject my decision before 11 July 2024.

Jane Archer
Ombudsman