

The complaint

Mr D complains that NewDay Ltd hasn't accepted his payments on his credit card accounts.

What happened

I issued a provisional decision setting out what had happened and what I thought about the complaint. I've copied the relevant parts of that decision below – and they form part of this final decision.

In April 2020, Mr D contacted NewDay to request a payment holiday on his two credit card accounts, as his income had been affected by the Covid-19 pandemic. Both accounts were placed on a payment holiday until November 2020.

After the payment holidays came to an end, arrears started to accrue on the accounts. In March 2021, Mr D told NewDay he was abroad and asked that his accounts be placed on hold until he returned. NewDay agreed a temporary hold to stop interest accruing on the accounts – although Mr D was still required to make contractual minimum payments each month.

Because no payments were received, arrears continued to accrue on both accounts. NewDay eventually terminated the two agreements, and registered defaults with credit reference agencies in September and October 2021 respectively. In December 2021, Mr D told NewDay he was still abroad – but offered to make reduced payments to clear the arrears. NewDay agreed to hold collections activities in the meantime.

Mr D complained to NewDay in 2023. He said he'd been making payments of £10 per month on each account, but NewDay had failed to acknowledge them or reduce the arrears. He later discovered the payments were being returned to his account each month. He was unhappy NewDay had registered defaults on the accounts when he'd taken reasonable steps to make payments.

NewDay responded to the complaint, saying it hadn't received regular payments from Mr D since March 2021, with the exception of one reduced payment on each account in September 2021. So it said it had correctly terminated his accounts and registered defaults. Although Mr D said he had been making payments, NewDay had no record of them being received.

Mr D referred his complaint to our service. An Investigator considered the complaint but didn't uphold it. Mr D didn't agree, and said he'd taken reasonable steps to keep NewDay informed of his circumstances and make payments. He provided evidence that he'd made several payments, and that they had been returned to his account. NewDay says the account details Mr D was using were wrong – and has provided the correct ones. Mr D said the error was NewDay's – as he had used account details it had provided to him. Mr D asked for the complaint to be referred to an Ombudsman for a final decision. So the complaint has been passed to me to decide.

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.

It's not in dispute that Mr D has attempted to make payments on each account – and that these payments were returned to him. I've considered whether this was due to an error made by NewDay. It's now agreed that the account details used by Mr D were incorrect – but Mr D says he only used these details because NewDay provided them.

The statements and arrears notices sent by NewDay include account details for payments to be made. The details used by Mr D are different. Mr D says he recalls NewDay providing these details on the phone when he offered to make reduced payments. As this call took place in December 2021, NewDay has been unable to provide a recording of it. It provided notes taken at the time of the call – but they don't specify that Mr D was asked to make payments to a specific account. I don't find it particularly unusual that NewDay don't still have the call, as it was several years ago – so I draw no adverse inferences from this.

NewDay wrote to Mr D following this call, and that letter included the correct account details. Although I can't say for sure what was said on the call, I'd expect NewDay's collections department to have the correct details to hand when discussing payment arrangements. I haven't seen evidence to suggest that the account details Mr D used would be provided to customers in any circumstance.

The details Mr D used are significantly different – and it's not clear where they came from. But based on the available evidence – and on the balance of probabilities – I think it's more likely than not that the details didn't come from NewDay. I note that these payments were being returned to Mr D's account each month for more than a year before he contacted NewDay to query the matter. I think Mr D ought reasonably to have been aware that his payments weren't reaching NewDay. NewDay has provided the correct account details several times since the accounts were opened. For these reasons, I don't hold NewDay responsible for Mr D's payments not being accepted.

Mr D asked that NewDay remove the default markers from his accounts – as he attempted to make payments as agreed but was unable to do so. The notices sent by NewDay show Mr D needed to pay £116.64 by 4 May 2021 on one account and £190.26 by 11 June 2021 on the other account to prevent the defaults. No payments were received on either account between March and September 2021 when Mr D made a reduced payment. By September 2021, both agreements had been terminated and the full amounts owed were due.

I haven't seen anything to suggest that the defaults were applied incorrectly. Mr D's evidence shows he was attempting to make payments from January 2022 onwards – but the respective defaults were registered in September and October 2021. So I don't think the payments being received by NewDay would have prevented the accounts from being defaulted in any case. And even if Mr D had attempted to make payments before January 2022, given everything he's said about his circumstances at the time it seems he couldn't have afforded the amounts required to avoid the defaults. So even if I thought NewDay had made an error in not accepting his payments, which I don't, I can't see that the situation for Mr D would be any different if it had.

For the above reasons, I don't find that NewDay has made an error by not accepting Mr D's payments or not removing the defaults on the accounts – so I don't currently intend to uphold this complaint.

Responses to my provisional decision

NewDay responded to my provisional decision and accepted it. Mr D also responded. He didn't agree with my provisional decision and was disappointed with the outcome. Neither party provided any additional points or evidence in response to 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.

I appreciate that my provisional decision will have come as a disappointment to Mr D. I'd like to reassure him that I carefully considered all of the points and evidence that he presented to our service before reaching that decision.

Neither party provided any new information or evidence in response to the outcome I reached. So I've seen no reason to change my decision that NewDay didn't make an error by not accepting Mr D's payments or by not removing the defaults registered to his accounts. It follows that I don't uphold Mr D's complaint – for the reasons detailed in my provisional decision.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 14 August 2024.

Stephen Billings
Ombudsman