

## The complaint

Miss C has complained about a default that was recorded on her credit file, in connection with the credit card account she held with NewDay Ltd, trading as Marbles.

## What happened

Miss C took out a credit card with NewDay in February 2018. Unfortunately, she then experienced financial difficulties, and didn't maintain her repayments, and the account was terminated in May 2019. Miss C entered into a repayment arrangement, whereby she'd repay 1% of the outstanding balance each month. At this point, NewDay also froze interest and charges on the account.

Ultimately, NewDay defaulted the account on 30 March 2023. Miss C has explained she only found out about this recently, and would like the default to be removed.

One of our investigators looked into what had happened, and was satisfied that NewDay had defaulted the account in line with the terms and conditions. However, he thought NewDay should have defaulted it in May 2019, because he thought that the repayment arrangement was very low, suggesting that when it was entered into in May 2019, the lending relationship had in reality already broken down. So, he thought NewDay should change the date of the default with the credit reference agencies.

NewDay disagreed. It explained that when an account falls into arrears by 180 days (or thereabouts), it typically then records a default. And it was in March 2023 that Miss C's account reached this point. This was because she had been in repayment plans, the last one starting in February 2022, so her account had been 're-aged' – meaning it was taken out of arrears, but the money was still owing. If Miss C had maintained her repayments under the plan, her account would have remained up-to-date on NewDay's systems, and reported as 'on an arrangement' but 'up-to-date' with the credit reference agencies.

The complaint was then passed to me.

I wasn't minded to uphold it, so issued a provisional decision explaining why, and giving both parties the opportunity to respond. I set out my provisional decision below.

*I don't think it was unreasonable of NewDay to default the account, or on the date it did. There are no hard and fast rules as to when accounts should be defaulted, but it's necessary for data that's reported to the credit reference agencies to be accurate. In this case, I'm satisfied that NewDay agreed to repayment arrangements (through a third party), to try to assist Miss C during periods of financial hardship. Unfortunately, this didn't ultimately work, but it's clear that Miss C wanted the arrangements, as they were made at her request.*

*Although the repayments were low, they were what was thought to be realistic. And, had they been maintained (and potentially increased, if Miss C's situation changed), the account wouldn't have defaulted at all. But, after the account fell into arrears again, NewDay reasonably decided to default it.*

*Situations like this are very difficult, because it's also the case that had NewDay defaulted the account earlier, this could have been seen as unfair, as Miss C had requested and entered into arrangements. It is a fine balance to strike. Here, I'm satisfied that NewDay reported the account status correctly to the credit reference agencies, and I don't think it was unreasonable not to default the account earlier.*

### **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 neither party had any further comments, I'm not departing from my provisional decision. Therefore, my provisional decision, as set out above, should be taken as forming this final decision.

### **My final decision**

It's my final decision not to uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 21 October 2024.

Elspeth Wood  
**Ombudsman**