

## **The complaint**

Miss G complains that NewDay Ltd terminated her amount at the end of a payment holiday even though she'd made a payment to bring her account back up to date.

## **What happened**

Miss G holds an account with NewDay.

On 8 February 2024 NewDay sent her a letter confirming that she entered into a payment holiday. The letter explained that her monthly payments would be £0.00. The letter also stated that when the payment holiday ends, Miss G would have to start making at least her contractual minimum monthly payment again.

The payment holiday was initially agreed until 15 March 2024 but was extended until 15 May 2024.

On 23 April 2024 NewDay sent Miss G a Default Notice requesting a payment of £66.66 by 14 May 2024 to prevent her agreement from being terminated.

Miss G contacted NewDay via webchat on 25 April 2024 and 8 May 2024. On the webchat she was advised that she needed to bring her account up to date before the payment holiday ended.

On 3 May 2024 NewDay sent Miss G a letter confirming that her payment holiday was coming to an end on 15 May 2024. The letter explained that Miss G would need to start making at least her contractual minimum monthly payment again by the date shown on her next statement. The letter also said that any payments that were already due before the payment holiday began would become immediately payable on 15 May 2024. The letter stated that if these payment weren't made, the Collections Team may make calls and send letters.

On 15 May 2024 Miss G made a payment of £106.00

On 16 May 2024 NewDay sent Miss G a Termination Notice and closed the account.

Miss G complained to NewDay. She was unhappy that the account had been closed.

NewDay didn't uphold the complaint. In its final response dated 3 June 2024 it said that when an account falls into arrears for more than 60 days it was required to take action to prevent customers from falling further into debt and that as a result it withdrew credit facilities from the account. NewDay said it had sent Miss G a Default Notice dated 23 April 2024 requesting a payment of £66.66 by 14 May 2024 to prevent the account being terminated. NewDay said that due to the payment holiday, Miss G had to bring the account up to date before the payment holiday ended and said it had advised her of this when she contacted them via webchat on 25 April 2024 and 8 May 2024. NewDay said that because Miss G hadn't made a payment to bring her account up to date before her payment holiday ended it had closed the account. NewDay said that when Miss G spoke to an agent on 15 May 2024,

they had advised her that her account may be closed due to the number of days in arrears.

Miss G remained unhappy and brought her complaint to this service.

Our investigator upheld the complaint. She said the call dated 15 May 2024 could've been handled better by NewDay. She also said that NewDay's final response contained incorrect information. The investigator said she wouldn't be asking NewDay to remove the default or reinstate the account because it had been made clear to Miss G that she needed to bring the account up to date before the payment holiday ended, and although Miss G had made a payment on 15 May 2024, this didn't clear until the following day, which was after the deadline.

Miss G didn't agree. She provided evidence to show that the payment she'd made on 15 May 2024 had been received on 15 May 2024. She said she believed that the termination of her account was already underway before 15 May 2024.

NewDay didn't agree either. It said it had already apologised for the incorrect information in the final response letter and that in any event it was only the payment amount which was misquoted as £150 when it was £106. NewDay said that it hadn't provided Miss G with any incorrect information during the telephone call dated 15 May 2024.

Because neither party agreed with the investigator's opinion, I've been asked to review the complaint.

### **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 reviewed all the letters which NewDay sent to Miss G. The letters clearly state that the payment holiday was ending on 15 May 2024 and that the account had to be brought up to date before the payment holiday ended.

I've also reviewed the webchats dated 25 April 2024 and 8 May 2024. Miss G was advised to bring her account up to date before the payment holiday ended. She was also advised during the webchat on 25 April 2024 that her payment should be posted to her account before the payment holiday ends.

I've also reviewed the Default Notice dated 23 April 2024. This states that a payment of £66.66 must be paid by 14 May 2024 in order to avoid the account being terminated.

I can see that Miss G made a payment of £106 to bring the account up to date on 15 May 2024. Miss G has raised a point about whether this payment was received on the day she paid it or the following day. Looking at the Default Notice, I don't think the payment was made on time in any event, as the Default Notice required payment by 14 May 2024 in order to avoid the account being terminated. But even if it was the case that the payment wasn't due until the end of the payment holiday i.e. 15 May 2024, I still think Miss G missed the deadline because although she made her payment on 15 May 2024 it wasn't posted to her account until the following day.

I can see that on the monthly statements which were sent to Miss G, customers are requested to allow one working day for payments to be credited to the account. Miss G was sent statements every month, so I think she was aware – or ought to have been aware – of the need to allow one working day for payments to be credited to her account.

Based on what I've seen, Miss G's payment was received after the deadline for payment and therefore I'm unable to say that NewDay has made an error by closing the account.

I've gone on to consider whether NewDay treated Miss G fairly when she spoke to an agent on 15 May 2024.

Having listened to the call, I agree with the investigator that NewDay could've handled the call better. Although I agree with the point made by NewDay that the agent didn't provide any incorrect information, I think the call fell below the standard expected insofar as it wasn't explained to Miss G that even if she made her payment that day, it wouldn't be enough to stop the account being closed because the payment wouldn't be credited to the account in time.

I can also see that NewDay made an error in its final response where it stated that Miss G made a payment of £150 on 15 May 2024 (whereas she made a payment of £106).

Taking both of these errors into account, but focussing primarily on the telephone call dated 15 May 2024, I don't think NewDay provided sufficient information to Miss G on the call to enable her to make an informed decision about her payment. As a result, Miss G made a payment under the impression that she was bringing the account up to date and was then caused confusion and distress when the account was closed the following day.

I think it's fair in these circumstances to ask NewDay to pay compensation of £100 to Miss G in recognition of the trouble and upset caused as a result of the poor customer service on the call.

### **Putting things right**

To put things right NewDay Ltd must pay compensation of £100 to Miss G.

### **My final decision**

My final decision is that I uphold the complaint. NewDay Ltd must pay compensation of £100 to Miss G.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss G to accept or reject my decision before 5 November 2024.

Emma Davy  
**Ombudsman**