

The complaint

Miss B complains that NewDay Ltd failed to reduce the outstanding balance on her credit card account after agreeing to do so.

What happened

Miss B holds a credit card account with NewDay. She entered a payment agreement with NewDay on 10 April 2024. She agreed to pay £21 per month towards her outstanding balance - as well as £5 per month on another account.

On 17 May 2024 Miss B contacted NewDay as she'd received a default notice – despite having agreed a payment plan. NewDay's agent said the first payment under the plan hadn't been made in time – so it had been cancelled. Miss B disputed this, as she'd made the payment on 3 May 2024 – less than 30 days after the plan was put in place.

The agent said Miss B's account had not defaulted, and agreed to set up a new payment plan identical to the first one. As Miss B had already made a payment, it was agreed that the next payment would be due on 31 June 2024 – and that the plan would be reviewed after six months.

Miss B recalled the agent agreeing to waive all interest and charges on the accounts to reduce the balance owed – as she'd successfully made the first payment under the new plan. She says she was told the balance on her credit card would be reduced by £1,000 – leaving £995.94 left to pay. She recalled being told £25 would be waived from her other account.

The following week, Miss B checked her statement – and saw that the outstanding balance hadn't changed. Miss B raised a complaint, as she felt NewDay had failed to take the action it had agreed. She was also unhappy her original payment plan was cancelled despite her making the first payment on time. NewDay didn't agree it had made an error. It said it hadn't offered to waive any of the outstanding amounts – but that it had instead agreed to re-age her accounts to remove the accrued arrears.

Still unhappy, Miss B referred her complaint to this service. One of our Investigators considered the complaint and upheld it. They thought NewDay's communication during the call wasn't as clear as it ought to have been - but they didn't agree that NewDay had promised to waive any amounts from Miss B's accounts. They recommended NewDay pay Miss B £100 to recognise the distress and inconvenience caused by its handling of the call.

NewDay accepted the Investigator's conclusions. Miss B didn't agree, and asked for the complaint to be passed to an Ombudsman for a final decision. She said she's been left unsure of how much she owes on her accounts – so hasn't been able to make payments under the agreed plan. Miss B has received a further default notice, which she says is a result of NewDay's actions.

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 can appreciate why Miss B feels let down by NewDay. She was under the impression following the call that it would waive a significant amount from her outstanding balance. It would have come as a disappointment when she later discovered that wasn't the case.

NewDay says it wouldn't normally agree to waive interest and charges on an account when a customer enters a payment plan. I've reviewed the terms of Miss B's account, and haven't seen anything to suggest this is part of NewDay's usual process. But I've considered whether NewDay gave Miss B any incorrect or misleading information to give her the impression that it would be waiving these amounts.

Where NewDay provides incorrect or misleading information I consider the impact of that error on Miss B and how things ought to be put right. This doesn't necessarily mean NewDay needs to act as if any incorrect information it gave Miss B was true. So even if NewDay did incorrectly tell Miss B it intended to reduce her balance, that doesn't mean it now needs to do so.

I've listened to the call of 17 May 2024. Most of the call took place between NewDay and Miss B's husband – but I understand Miss B was present throughout the call. For ease, I'll only refer to Miss B here.

I'll first address the original payment plan. There was some confusion around this point – and the agent wasn't able to explain why the original plan had been cancelled. They suggested it was because the payment wasn't made within 30 days – which wasn't true. After some discussion the agent agreed to set up a new payment plan on the same terms – so the matter was resolved. But this was needlessly confusing.

Toward the end of the call – once the new payment plan was agreed – the agent said they would be wiping the arrears from the account. This was because Miss B had successfully made a payment under the plan. They went on to say that the arrears of £139.81 would be removed from Miss B's credit card, as well as £25 arrears from the other account. He then reiterated the outstanding amount owed on each account.

Miss B has listened back to the call, and says the agent quoted an outstanding balance of £995.94 on the credit card account - £1,000 less than she previously owed. Having listened to the call, I'm satisfied the agent quoted the correct amount owed on each account - but they did stumble over their wording, and I can understand how Miss B may have heard differently. But I'm also satisfied there was no mention of interest or charges being waived for either account.

To clarify, a lender removing the arrears on an account means that account is no longer treated as 'in arrears'. In this instance, NewDay re-aged Miss B's accounts so that they were no longer in arrears. The accounts were considered up-to-date as long as she continued to make payments under the new plan. This didn't affect the amount Miss B owed NewDay – it simply meant she was no longer behind on her payments under the agreements. While I don't agree that the agent promised to waive any amounts owed, I do think they could have taken steps to explain what they meant by removing the arrears – and shouldn't have assumed Miss B would have been aware of this.

Overall, I'm satisfied the call should have been handled better – and that it caused unnecessary confusion for Miss B. Miss B says the uncertainty around how much she owes

prevented her from making further payments on either account. As explained, I don't think NewDay told Miss B at any point that it intended to waive any of her outstanding balance. But even if she believed it would, NewDay clarified that her outstanding balance wouldn't be reduced in its response to her complaint roughly one month later. So I don't think any confusion on the call meant Miss B was unable to make payments under the new plan.

But Miss B did receive poor service, and I can see how her expectations could have been raised following the call – causing avoidable frustration and disappointment. I think £100 is a fair reflection of the distress and inconvenience NewDay caused – so I require it to pay Miss B that amount.

Miss B says she's recently received a further default notice. That's not something I can comment on here, as it's not part of the complaint that I've considered. If Miss B is unhappy with NewDay's actions on her accounts since her previous complaint, she can raise her concerns with NewDay in the first instance.

My final decision

My final decision is that I uphold this complaint. I require NewDay Ltd to pay Miss B £100 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 10 February 2025.

Stephen Billings
Ombudsman