

## **The complaint**

Miss J complains that NewDay Ltd, trading as Aqua, were unreasonable to terminate and default her account.

## **What happened**

Miss J had an Aqua credit card account. In May 2024 she contacted Aqua and told them she was in financial difficulty. They placed a hold on her account and stopped charging interest and late payment fees. But when Aqua didn't receive any more payments to the account they terminated it on 24 July 2024 and reported a default to Miss J's credit file.

Miss J says they were unfair to do that as they had sent her a letter on 17 July 2024 asking her to contact them and telling her that if she didn't the hold on her account would be removed in 28 days. She said they were, therefore, unreasonable to close the account only a few days later.

Aqua explained that as the account had been in arrears for 60 days at that point, they were obliged to close it to prevent further debt building up. They didn't think they'd done anything wrong.

Miss J referred her complaint to this service. Our investigator didn't think Aqua had been unreasonable to close the account, but he did think the letter of 17 July 2024 was confusing and he thought Aqua should pay Miss J £100 to compensate her for the distress and inconvenience caused.

Aqua agreed to do that, but Miss J was still dissatisfied. She wanted her account reinstated and the default removed. Miss J asked for a decision by an ombudsman.

## **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 was very sorry to hear about the difficulties Miss J has experienced and I know she'll be disappointed by this decision, but I agree with our investigator's opinion of this complaint. I'll explain why.

I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point, it's not because I've failed to take it on board and think about it but because I don't think I need to comment on it in order to reach what I think is the right outcome.

We'd expect businesses to be sympathetic and supportive when they are told about consumer's financial difficulties. I think Aqua were here. They agreed to put a hold on interest and charges in May 2024 and I can't see that they charged them thereafter. When Miss J explained her health problems to them after the account had been terminated, I can

see they also recalled the debt from the debt collectors so that it could be more sensitively managed.

Guidance provided by the Information Commissioner's Office (ICO) suggests that accounts should be defaulted when they've been in arrears for at least three months and usually no longer than six months. The letter Aqua sent to Miss J in May 2024 explained that while charges and interest were being temporarily suspended, collection activity would continue, and if the account remained in arrears for 60 days it would be permanently closed, and a default may be reported to Miss J's credit file. When Aqua terminated and defaulted the account on 24 July no payment had been received since 1 May 2024 and as Miss J hadn't been in touch to let them know about any changes in her financial circumstances, I think Aqua were fair to terminate the account as there would appear to have been little chance of the situation improving and to protract matters would extend the period over which the debt would impact Miss J (the default remains on the credit file for six years).

The letter sent to Miss J on 17 July 2024 was, however; a little confusing as it implied the account would still be open in 28 days. But the letter didn't explain that collection activity would stop, and Aqua had advised Miss J on 29 June 2024 that the account would be defaulted if a payment wasn't received by 20 July 2024. I don't think Aqua were wrong to default the account or to close it, but I do think the letter of 17 June 2024 caused some confusion and I would agree that Aqua should pay Miss J £100 in compensation.

### **My final decision**

For the reasons I've given above, I uphold this complaint in part and tell NewDay Ltd to pay Miss J £100 to compensate her for the distress and inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss J to accept or reject my decision before 27 February 2025.

Phillip McMahon  
**Ombudsman**