

The complaint

Miss T complains that NewDay Ltd trading as Debenhams Mastercard terminated her account and recorded a default on her credit file.

What happened

Miss T held a Debenhams credit card with NewDay.

On 24 May 2023 Miss T made a purchase using the card for £8.99. NewDay issued a monthly statement on 18 June 2023 requesting payment by 13 July 2023.

No payment was received. NewDay issued further statements each month and interest accrued on the account.

On 25 August 2023 NewDay issued a Notice of Default requesting payment of £9.49 by 15 September 2023 otherwise the account would be terminated. No payment was received, and the account was terminated on 16 September 2023.

NewDay sent a letter to Miss T on 13 December 2023 notifying her that a default would be recorded after 28 days. No response was received, and the default was recorded on 31 January 2024.

Miss T subsequently discovered that a default had been recorded on her credit file and raised a complaint with NewDay in June 2024. She said she had moved house and hadn't been notified that there was an outstanding balance on her account. She said she'd paid the balance on the account in May 2020 and thought the account had been closed. She said she wanted the default removed and compensation for the inconvenience caused to her.

NewDay didn't uphold the complaint. It said it hadn't made an error by terminating the account and recording a default.

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

Our investigator didn't uphold the complaint. He said there was no evidence that the account had been closed. He said that NewDay had provided evidence to show that they had sent letters to Miss T requesting payment before the account was finally defaulted. He also said that he couldn't hold NewDay responsible for Miss T not receiving the letters as it was her obligation to inform NewDay of any address change.

Miss T didn't agree. She said she believed the account had been closed in May 2020 and had no intention of continuing to use the account. She said that although there was no evidence of formal closure, she hadn't been informed by NewDay that the account would remain active after paying off the balance. Miss T said that NewDay should've provided her with clear communication about the account's ongoing status. She asked for evidence of any communications sent to her by NewDay between May 2020 and May 2023. Miss T said the transaction for £8.99 on the account in May 2024 was unintentional and she wasn't aware that it had been charged to the account. She said that NewDay should have notified her of

the transaction considering the account had been dormant for three years. Miss T said she hadn't received any of NewDay's letters because she had moved and that whilst she understood that it was her responsibility to notify NewDay of a change of address, she thought the account was closed and therefore saw no reason to provide updated address details. Miss T said that NewDay should have taken additional steps to contact her by email or telephone when it received no response to the letters it had sent her.

Because Miss T didn't agree 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 know it will disappoint Miss T, but I agree with the investigators opinion. I'll explain why.

I've read and considered the whole file, but I'll concentrate my comments on those points which are most relevant to my decision. If I don't mention a 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.

I've reviewed the history of the account. I can see that on 6 May 2020 Miss T cleared the balance on the account by making a payment of £39.71.

Miss T has said that she requested for the account to be closed at this point. I've reviewed the information provided by NewDay, but I can't find any record of a request – either verbal or written - to close the account. NewDay has told this service that it will only close an account upon the customers request and that it didn't receive a request to close the account from Miss T.

Miss T has said that she didn't receive any correspondence from NewDay after she cleared the balance in May 2020 and that she believed the account had been closed. Having reviewed the account history, I can see that although no monthly statements were sent after May 2020 (because no transactions were made on the account), an annual statement was sent to Miss T in October 2020 and each year thereafter.

Miss T has said that NewDay should have closed her account when she cleared the balance in May 2020. She's said that she wasn't informed by NewDay that her account would remain active after paying off the balance. I've thought about this but in the absence of any evidence to show that Miss T requested to close the account, there would be no reason for NewDay to contact Miss T and advise her that the account was active. Many credit card customers pay their balances in full each month or intermittently, but this doesn't mean that they want to close the account.

Miss T has said that the transaction in May 2023 was unintentional and that she wasn't aware that it had been charged to the NewDay account. I've thought about this but based on what I've seen, there's no suggestion that the transaction wasn't genuine. I appreciate the point that Miss T has made regarding saved card details but ultimately, it was up to Miss T to make sure that she checked her payment method before proceeding with the transaction.

Having reviewed the account I can see that statements were sent to Miss T at her registered address each month following the May 2023 transaction. None of the correspondence was returned to NewDay as undelivered. I appreciate that Miss T has said that she didn't receive the letters because she'd changed address. The terms and conditions of the account state that it's the customers obligation to update NewDay with any changes of address. I haven't

seen anything to suggest that Miss T notified NewDay of her address details. So, I'm unable to say that NewDay made an error when it sent statements and letters to Miss T at her registered address.

Miss T has said that because she didn't respond to any of the letters which NewDay sent to her, NewDay should've contacted her by other methods such as email or telephone. NewDay has confirmed that Miss T has her communication preferences on the account set to communications by paper and no notifications. In these circumstances there was no obligation on NewDay to send text or email notifications. NewDay has also explained that the balance on the account didn't meet the threshold for the collections process, which is why no telephone collection calls were made.

I've taken all of the information provided by NewDay and by Miss T into account but on balance, I'm not persuaded that NewDay has made an error here or that it has treated Miss R unfairly or unreasonably. Miss T failed to pay the outstanding balance on the account and NewDay sent appropriate letters culminating in the termination of the account and a Notice of Default.

NewDay – like all credit providers – is obliged to report accurate information to the credit reference agencies. I appreciate that Miss T is unhappy about the default being reported on her credit file, however, I'm satisfied that the account was correctly defaulted, and that the information provided to the credit reference agencies is an accurate reflection of the status of the account. Therefore I have no grounds to ask NewDay to amend Miss T's credit file.

My final decision

My final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask X to accept or reject my decision before 21 April 2025.

Emma Davy
Ombudsman