

The complaint

Mrs K complains that NewDay Ltd trading as Debenhams registered a default on her credit file.

What happened

Mrs K opened a credit card account with Debenhams in April 2018.

On 15 December 2020 NewDay sent Mrs K a statement showing a balance of £809.42 and requesting a minimum payment of £8.09 by 11 January 2021. Mrs K didn't pay the minimum payment and the account fell into arrears. NewDay sent Mrs K a default notice letter on 23 March 2021 and terminated the account on 16 April 2021. The account was then transferred to a debt collection agency.

Mrs K contacted NewDay via webchat on 10 May 2021. She explained that she had travelled abroad and had been unable to return to the UK due to Covid 19. Mrs K advised NewDay that she was experiencing financial hardship. NewDay advised Mrs K that the account was now with a debt collection agency and that she should contact them.

Mrs K contacted NewDay again in August 2021 regarding the fees which had been applied to her account whilst she was abroad. NewDay advised Mrs K to contact the debt collection agency as they were now managing the account.

Mrs K paid £200 in May 2021, but no further payments were received after this. This resulted in NewDay charging the account off and registering a default on Mrs K's credit file on 31 December 2021.

Mrs K contacted NewDay on 7 April 2025 and raised a complaint. She said she'd been unaware that NewDay had registered a default on her credit file and had only discovered this whilst in the process of trying to move house. Mrs K said she'd arranged a payment holiday plan from 24 November 2021 to 15 March 2022 and thought this would pause any issues. She said she was unaware that her account had already been terminated.

NewDay didn't uphold the complaint. It said it hadn't made an error and that the default had been correctly reported.

Mrs K remained unhappy and brought her complaint to this service.

Our investigator didn't uphold the complaint. He said the account was in significant arrears when the account was defaulted and that the default had been correctly registered.

Mrs K didn't agree so 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 Mrs K but I agree with the investigator's opinion. I'll explain why.

I've reviewed the history of the account. I can see that the account fell into arrears in January 2021. NewDay sent several letters to Mrs K about the arrears but received no response. Mrs K didn't make any payments towards the account. NewDay sent a default notice to Mrs K on 23 March 2021 and terminated the account on 16 April 2021.

The terms and conditions of the agreement require Mrs K to make the minimum payment by the due date every month. The account history shows that she didn't do this. As a result, the account fell into arrears. The Information Commissioners Office guidance says that when a consumer is three months in arrears, a default may be registered, and that where a consumer is six months in arrears a default should be registered. By the time the default notice was sent to Mrs K her account was three months in arrears. I'm therefore unable to say that NewDay made an error when it sent the notice of default and terminated the account.

I appreciate that Mrs K didn't realise that her account had been defaulted and that the default had been registered in December 2021. I understand that it was upsetting to discover what had happened later on when she was trying to move house. However, as I've explained above, the account was in arrears, and I've been unable to find anything to suggest that NewDay made an error.

Mrs K has said that the default was registered during a payment holiday period. The account was terminated several months prior to the default being registered as I've explained above. Mrs K hadn't made any payments on the account since May 2021. This resulted in the account being charged off and the default registered. In the circumstances, I don't think it was unreasonable for NewDay to take these steps.

For the reasons I've explained I'm unable to uphold the complaint. Based on what I've seen, the default has been correctly registered. I won't be asking NewDay to remove it or amend Mrs K's credit file. NewDay – like all lenders – is under an obligation to report accurate information to the credit reference agencies. In this case, I'm satisfied that the default has been registered correctly.

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 Mrs K to accept or reject my decision before 2 March 2026.

Emma Davy
Ombudsman