

The complaint

Mr H complains that NewDay Ltd (trading as Pulse) defaulted his account without notifying him.

What happened

Mr H says he contacted Pulse about his health condition, and, following reassurance that he shouldn't worry, it sent no further correspondence until he received a letter about the account defaulting. He says that, as a single father of four children, he is now prevented from obtaining further credit to manage his repayments responsibly. Mr H adds that, as well as his ongoing physical health issues, his diagnosed mental health conditions have been adversely affected by the stress.

Pulse says Mr H had made no payments since April 2023 and it had agreed a payment holiday between May and September that year. It says Mr H told it about his circumstances on 11 December 2023, and it agreed a further payment holiday until March 2024 which prevented further interest and charges and proactive contact about his account status. It says arrears continued to accrue on the account which were included in his monthly statements and notified to the credit reference agencies. Pulse says that, in line with the terms and conditions of the account, a default was applied on 30 April 2024 when the account was 180 days in arrears. However, it acknowledged that Mr H had not been sent all the required regulatory notices and initially credited £30 to his account to reflect the poor customer service. This compensation was subsequently increased to £135.

Our investigator did not recommend that the complaint should be upheld. He found that the default had been correctly applied and that the compensation awarded was fair for the effect on Mr H.

Mr H responded to say, in summary, that if he had received the required communications, he would have sought to agree a repayment plan to bring the account back in line. He added that £135 does not adequately reflect the severity of the breach, or its impact on his ability to obtain further credit. Mr H explained that he requires a car as a result of his disability and cannot now access reasonable rates for car finance.

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.

In this case, I am satisfied that Pulse made an error when it defaulted Mr H's account without having sent the required regulatory letters. However, I need to consider whether it otherwise

acted fairly in the lead up to the default, and what, if anything, Mr H would have done differently if the regulatory letters had been sent.

Following Mr H's last payment on 3 April 2023, May's direct debit was returned unpaid with the balance on the account standing at £1,803.15. Mr H then requested a payment holiday online which was approved from 12 May 2023 until 9 September 2023.

Shortly before the end of the payment holiday, on 31 August 2023, Mr H called Pulse to tell it he'd lost his job and a further hold was placed on his account until the end of October 2023. Pulse sent Mr H arrears notices on 10 September 2023 and 9 November 2023 which advised him that *"Missed payments could affect your credit rating"*.

On 11 December 2023, Mr H called Pulse and said he had a new job so could afford payments of £100 per month from January 2024 onwards. Pulse agreed a further payment holiday until 9 March 2024 and also sent him a letter which said:

"We would like to make you aware that making reduced payments may impact your credit file and we may report a default on your account to the credit reference agencies."

Mr H made no payments, and Pulse sent him notification of the upcoming end of his payment holiday on 28 February 2024. This letter explained that his contractual minimum payments would now be due and said: *"Any payments that were already due before your payment holiday began will become immediately payable on 9th March 2024."*

A further arrears notice was sent on 10 March 2024 and, by April 2024, Mr H had arrears of £247.80. The account defaulted on 30 April 2024.

Mr H made no further contact with Pulse until February 2025 when he became aware of the default.

So, although Pulse did not send Mr H the regulatory letters, I consider it acted reasonably in the lead up to the default of the account:

- It agreed to payment holidays and account holds for a total of 11 months;
- It sent multiple letters to Mr H during this time which notified him of the likely impact on his credit file;
- It did not charge any further interest or fees to the account after 9 May 2023;
- It did not default the account until it was six months in arrears and more than 12 months after Mr H's last payment.

I now need to consider what I think is likely to have happened if Pulse had sent regulatory letters about the default to Mr H.

Where the evidence is incomplete, or contradictory, as some of it is here, I must make my decision based on what I think is more likely to have happened.

Mr H says that, if he had received such letters, he would have acted immediately to prevent the default, including arranging a loan if necessary. Whilst I don't doubt his intentions, I have also considered that Mr H has now made no payments towards his account for almost three years. Given that he told Pulse he would resume £100 monthly payments in January 2024, but failed to do so, I think it is unlikely that Mr H would have been able to repay all the arrears and continue with sustainable monthly repayments to the extent that his account would not have defaulted. I acknowledge that Mr H said he may have needed a loan to repay the Pulse debt, but I haven't seen any evidence to show that this would have been an option for him given his financial difficulties at the time.

So, although I accept that the default may have been delayed if regulatory letters had been issued, I think it is more likely than not that a default would still have been applied. Given that a default is removed from a credit file after six years, it would be to the detriment of Mr H for the default date to be deferred.

In summary, I consider that Mr H should reasonably have expected his account to be defaulted, given he's made no payments since April 2023. I don't find Pulse was wrong to do so as it's obliged to report accurate information about account management to the credit reference agencies.

That said, Pulse did make an error by not sending the regulatory letters, but I am satisfied the £135 it has now offered to Mr H is fair and in line with our usual awards in this area.

My final decision

My decision is that I do not uphold this complaint. NewDay Ltd (trading as Pulse) needs to do nothing in addition to paying the £135 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 17 March 2026.

Amanda Williams
Ombudsman