DRN-5950943

The complaint

Mr J complains about the way in which NewDay Ltd trading as Fluid handled his credit card account.

What happened

Mr J holds a credit card account with NewDay. He's unhappy that he's been placed onto a PayDown Plan. He says that when he entered into his credit agreement there was no mention of persistent debt and he doesn't understand what it means. Mr J says he was placed on a PayDown Plan without his consent. Mr J is unhappy that NewDay didn't carry out affordability checks before placing him on the PayDown Plan and says he hasn't been offered alternative support options. He says his payments under the PayDown Plan are higher than the minimum monthly amount he was previously paying and that he's suffered financial hardship as a result.

Mr J complained to NewDay. He wants the Payment Plan reversed and the adverse markers on his credit file removed. He wants NewDay to carry out an affordability assessment and discuss alternative support options with him.

NewDay didn't uphold the complaint. In its final response dated 31 July 2025 it said it hadn't made any errors when administrating the account.

Mr J remained unhappy and brought his complaint to this service.

Our investigator didn't uphold the complaint. They said that NewDay had written to Mr J several times to explain that he was in persistent debt and that because Mr J didn't respond to the options set out in the letters, it was necessary to move him to a PayDown Plan. The investigator said that NewDay didn't need Mr J's consent to put him on a PayDown Plan because it was required to take action under FCA guidelines. The investigator said that the PayDown Plan payments were less than what Mr J had previously been paying each month so there was no need for NewDay to assess whether the PayDown Plan was affordable. The investigator concluded that NewDAy had acted fairly and reasonably by placing Mr J on the PayDown Plan.

Mr J didn't agree. He said he hadn't been paying less than the PayDown Plan amount previously and that the payments he'd made between January – August 2024 were the minimum payments demanded by NewDay, which were higher than both his original payment and his PayDown Plan amount. Mr J said he'd never agreed to pay more than the minimum monthly payment and he believed that NewDay had breached the terms of his credit agreement. Mr J said he wanted compensation for the financial detriment caused to him.

Because Mr J 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 Mr J, but I agree with the investigator's 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 comment on a particular point, its 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'll start with an explanation of persistent debt. Persistent debt occurs when a borrower pays more in interest, fees and charges on a credit or store card than they do towards the borrowed amount over an 18-month period. The situation usually stems from making minimum or low payments over a sustained period. The Financial Conduct Authority (FCA) requires lenders to contact borrowers at 18 and 27 months to encourage higher payments. If the persistent debt continues for 36 months, lenders are obliged to offer other options to repay the debt faster, which may include suspending the card to prevent further debt.

Mr J has said that the term persistent debt wasn't referred to in the terms and conditions of his credit card. But that doesn't mean that NewDay doesn't have to follow the obligations imposed by the FCA. I've also noted that the terms and conditions of Mr J's credit agreement state that NewDay can move the account onto a PayDown Plan.

I've reviewed the correspondence that NewDay sent to Mr J to check whether it met its obligations under the FCA guidelines on persistent debt. I can see that NewDay sent a letter to Mr J on 13 May 2022 explaining that the account was in persistent debt and explaining that he could make additional payments to clear the balance faster. I can't see that Mr J responded to this letter. NewDay sent a further letter to Mr J on 13 February 2023 explaining that it was required by the FCA to ensure that his account balance was repaid within a reasonable time. The letter explained the savings Mr J could make (in interest fees and charges) if he increased his repayments. A further letter was sent to Mr J on 13 September 2023 explaining that the account had been in persistent debt for 34 months, and that if this reached 36 months, NewDay would be in touch about a PayDown Plan. The letter set out the two different types of PayDown Plan and explained how the monthly instalments would work under each plan The letter also explained that it wasn't possible to opt out of a PayDown Plan, but that it was possible to choose the timescale. The letter also said that if Mr J was worried about being able to make monthly instalments under the plan, he should, get in touch with NewDay to reach a solution.

Because Mr J didn't respond to the letters, a letter was sent on 13 November 2023 (at the 36 month point of persistent debt) explaining that the account needed to move to a PayDown Plan. The letter set out both types of PayDown Plan and asked Mr J to choose one. The letter advised Mr J that if he didn't specify a choice, he would be moved to the Standard PayDown Plan in December 2023.

I've reviewed all the letters, and I'm satisfied that they were sent in compliance with the FCA guidelines on persistent debt. I'm also satisfied that the letters were correctly addressed to Mr J at his registered address. I can't see that Mr J responded to any of the letters.

Based on what I've seen, I'm satisfied that NewDay provided Mr J with all the information he needed to understand what persistent debt was. I'm also satisfied that he was given the opportunity to make an informed decision about the options available to him. If Mr J felt – as he asserts now – that a PayDown Plan wasn't affordable to him, he could have contacted NewDay to discuss this. The letter dated 13 September 2023 invited him to do this.

Mr J has complained that he was placed in the PayDown Plan without his consent. I've reviewed the correspondence and I don't agree that NewDay required Mr J's consent. NewDay was required to act in line with the FCA guidelines on persistent debt and it sent letters to Mr J which made it clear that the account would be placed in a PayDown Plan pursuant to those FCA guidelines. I'm satisfied that NewDay gave Mr J reasonable notice of what was going to happen with his account and that it also gave him the opportunity (if he didn't think a PayDown Plan was affordable for him) to contact NewDay and discuss other options.

Mr J has said that NewDay failed to carry out an affordability assessment before placing him on the PayDown Plan. I've reviewed the letter dated 13 December 2023 which was sent to Mr J when the PayDown Plan started. This sets out that Mr J was required to make monthly payments of at least £221.95. Mr J has said that this was more than he was paying before. I've reviewed Mr J's credit card statements for January – November 2023 (i.e. the 11 months prior to the PayDown Plan commencing) and I can see that his monthly payments were similar to (and generally above) the monthly amount payable under the PayDown Plan. Therefore, I'm satisfied that it wasn't necessary for NewDay to carry out an affordability assessment.

Where a borrower isnt able to afford payments (whether under a PayDown Plan or generally) this service would expect a lender to show forbearance by offering assistance, such as reducing or waiving interest and fees. Having reviewed the account, I can see that Mr J started to miss payments in September 202. In November 2024 NewDay agreed a payment holiday until March 2025, with no interest or charges applied during this time. Based on what I've seen I'm satisfied that NewDay showed appropriate forbearance when Mr J contacted them to explain that he was having difficulty making payments.

I can see that when the payment holiday ended, Mr J didn't resume payments. NewDay sent a Default Notice on 23 June 2025 and because Mr J didn't pay the sum required in the Default Notice, the account was terminated on 14 July 2025. Mr J has said that he wants his credit file amended. This service can only ask a business to amend a credit file where there's clear evidence of an error. In this case, I'm satisfied that NewDay has correctly reported the missed payments and the default. NewDay – like all lenders – is under an obligation to report accurate information to the credit reference agencies. Based on what I've seen, I haven't found anything to suggest that NewDay has made an error, so I won't be asking it to amend Mr J's credit file.

Taking all the available information into account, I'm not persuaded that NewDay has made an error or treated Mr J unfairly or unreasonably. I'm therefore unable to uphold the complaint.

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 Mr J to accept or reject my decision before 3 April 2026.

Emma Davy
Ombudsman