

The complaint

Ms C complains that NewDay Ltd trading as Fluid treated her unfairly regarding an outstanding balance on her Fluid credit card.

What happened

Ms C argues NewDay failed to exercise reasonable forbearance, when she was unable to make payments towards her credit card balance (leading to arrears). She also feels that NewDay failed to apply the mental health crisis breathing space (“MHCBS”) to her account after she notified it she was unwell in June 2025. She also feels NewDay has let her down as a vulnerable customer.

Below is an overview of the timeline of events:

- In late September 2024 Ms C missed the payment due on her credit card. NewDay agreed a payment holiday until 27 December 2024.
- On 20 January 2025 Ms C contacted NewDay about extending her payment holiday, however by this time it had already expired. There was also some ambiguity about whether NewDay had received a partial payment towards the arrears. This was a payment of around £170 towards the arrears of around £350. NewDay applied breathing space to the account until the end of January. This was to provide Ms C with more time to resolve the partial payment issue.
- Ms C contacted NewDay again on 29 January 2025 as she hadn't had the partial payment returned to her account. At this time NewDay agreed a further payment holiday until 27 March 2025. This was subsequently extended until 27 April 2025.
- On 3 May 2025 NewDay sent a default notice as the payment holiday had expired and payment hadn't been received.
- On 6 May 2025 Ms C contacted NewDay to explain that she didn't get the job she expected to, but that she may be able to repay the balance by the end of June. So, another payment holiday was agreed until 27 June 2025.
- Ms C contacted NewDay on 17 June 2025 to explain that she was extremely unwell and was unable to work for at least the next six months. As a result of this, NewDay has said it placed a three month hold on the account until mid-September 2025. However, this wasn't actioned properly, and Ms C's account was passed to a third party in July 2025. And the account was subsequently defaulted in October 2025.

NewDay considered Ms C's complaint but didn't uphold it. Whilst it was sympathetic to Ms C's wider circumstances, it felt that her account had been managed in line with the support options available and in line with the regulatory requirements.

Unhappy with NewDay's response, Ms C referred her complaint to our service. After this time, NewDay reconsidered its position. It agreed that the account shouldn't have been

passed to a third party during the period the account was on hold in July 2025. So, it said it would return the account and give Ms C £100 to recognise the upset this will have caused her.

One of our investigator's considered the offer and thought it was a fair resolution to the complaint. Ms C didn't agree. She felt NewDay had breached her MHCBS as it shouldn't have taken enforcement action such as defaulting the account at this time. She also didn't think it was fair that NewDay recorded missed payments on her credit file, throughout the period where she had difficulty making repayments.

The investigator reconsidered the complaint but still felt the offer made was fair. They weren't persuaded that Ms C had entered into a MHCBS which has strict requirements and processes to follow to apply. They also thought NewDay had exercised reasonable forbearance. However, they thought that NewDay should have defaulted the account earlier than it did and at least by June 2025. By this time Ms C hadn't brought the account back up to date and it had been in arrears since September 2024. And Ms C had now confirmed she was unlikely to be able to make payments for a further six months.

NewDay agreed to change the default date in line with the investigator's assessment. Ms C still didn't agree that this was a fair resolution to her complaint. So, the complaint has been passed to me to consider.

Ms C also argued that the credit card account and any subsequent limit increases were irresponsibly lent. However, she's since confirmed that she doesn't want to pursue this aspect of her complaint. So, I won't be considering the lending decisions NewDay made.

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 want to start by acknowledging that Ms C has provided information about some very challenging personal circumstances and health problems she has experienced. I'm very sorry to hear of the difficulties she's experienced. And I want to thank her for providing this information, as I appreciate this can't have been easy for her.

Having considered this complaint, I agree with the findings reached by the investigator. So, although I'm upholding this complaint, I'm not going to ask NewDay to put things right in the way Ms C has asked. I appreciate this will be disappointing for Ms C. I'll explain why below.

I've read everything that the parties have said, but I'll concentrate my comments on what I think is relevant. If I don't comment on a specific point it's not because I've failed to consider it, but because I don't think I need to comment in order to reach a fair and reasonable outcome. And our rules allow me to do this. This reflects the nature of our service as a free and informal alternative to the courts.

The key consideration in this case is whether NewDay has exercised fair and reasonable forbearance, when Ms C has struggled to maintain payments and built arrears on her credit card account.

I've set out the main contact Ms C had with NewDay and the steps it took in response in the background to this decision. From this I can see that NewDay has provided Ms C with a number of payment holidays when she contacted it about her circumstances. During these payment holidays NewDay agreed not to charge additional interest or fees. Looking at the correspondence sent to Ms C when the payment holidays were entered into, I can see it also

signposted her to various organisations who could provide additional support with managing finances. The correspondence also makes it clear that the payment holidays won't be reported to credit reference agencies, but any overdue balances outstanding will still show on her credit file.

It's clear from the discussions which took place that, at least initially, Ms C was confident she would soon be able to clear the arrears in full. So, it seems reasonable that NewDay continued to agree payment holidays. And up until June 2025 I think NewDay did provide fair and reasonable forbearance, and I think it did take into consideration that Ms C was a vulnerable customer.

NewDay has acknowledged it made an error around late June 2025 and after agreeing a further payment holiday until September 2025, it failed to put this in place. So, the account was passed to a third party and defaulted. NewDay has agreed to have the account returned to it. It has also offered to pay Ms C £100 compensation for failing to put in place the payment holiday and to recognise the impact this will have had on Ms C. I agree it will have been distressing for Ms C to be contacted by a third party for payment, after believing she had a payment holiday on the account. However, I think the amount offered is fair to recognise the error that NewDay made and is in line with our guidance on distress and inconvenience payments which is available on our website.

Our investigator concluded that in June 2025 it would have been more reasonable for NewDay to have looked to default the account. This is because the account had been in arrears since around September 2024 and at this time (June 2025) Ms C had informed it that she was unable to work for at least another six months due to her health. I can appreciate that NewDay was trying to be sympathetic to Ms C's circumstances. However, I also don't see how another three-month payment holiday would have been beneficial, as Ms C had already explained she would be unable to work for considerably longer than this.

I'm also mindful that the Information Commissioner Office guidance says that an account should usually be defaulted after around three to six months of nonpayment. By June 2025 it was slightly longer than this, but I accept Ms C had provided assurances that her circumstances were due to change shortly. However, crucially in June 2025 Ms C confirmed she wouldn't be able to make payment for at least another six months and that she had negative disposable income, with arrears on priority bills. So, I agree with the investigator's recommendation that NewDay should have looked to default at this time. As NewDay has accepted this and agreed to change the date of default to late June 2025, I think this is a fair way to resolve this issue.

Ms C has argued that she was protected by the MHCBS ("mental health crisis breathing space). Ms C has highlighted that she informed NewDay of her mental health diagnosis in June 2025 and so at that time it should have suspended all enforcement action while she was under this protection. She's also provided evidence that she spoke to a debt advice charity. However, MHCBS has specific requirements which need to be met. It isn't sufficient to an individual to disclose a diagnosis to their creditor. In order to come under this breathing space scheme Ms C needed to complete a number of steps which includes an "*Approved Mental Health Professional*" certifying that their client is in mental health crisis treatment. It also requires a separate application to apply for this type of breathing space. Based on the evidence I've been provided, I can't see Ms C took those steps. So, I don't think she was covered by MHCBS and NewDay wasn't required to stop any enforcement action from June 2025 in the way Ms C has argued.

I appreciate Ms C wants significantly more compensation than has been offered. She's detailed a number of challenging situations she's experienced and argued that negative information on her credit file could adversely affect her future employment opportunities.

Whilst I'm sympathetic to Ms C's circumstances, I can only require NewDay to compensate Ms C for the errors it made. As I've explained, I don't think it was unfair for NewDay to default the account, and I think it should have considered doing this earlier than it did. I also think NewDay made it clear to Ms C that it would still report some adverse information to credit reference agencies during the payment holidays. As I've explained NewDay did make an error in relation to the June 2025 hold it agreed on the account, however I think the compensation offered is a fair way to acknowledge this. So, I'm not going to require it to increase the compensation offered.

Putting things right

In line with what NewDay has already agreed to do, it should pay Ms C £100 compensation and amend the default to 30 June 2025 at the latest.

My final decision

My final decision is that I uphold this complaint in part and require NewDay Ltd trading as Fluid to put things right in the way I've described above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms C to accept or reject my decision before 21 May 2026.

Claire Lisle
Ombudsman