

complaint

Mr A complains about the handling of his credit card account by NewDay Ltd ("NewDay").

background

Mr A says he's had his account for a number of years. In March or April 2018 he told NewDay he was in financial difficulty and was unable to make the minimum payment. He completed an income and expenditure summary and it was agreed he would make payments of £1 per month with the situation to be reviewed after six months, but Mr A says this review didn't take place.

Mr A also says he then received a default notice and he spoke to NewDay as he didn't want a default to be put on his credit file. He's told us he was reassured this wouldn't take place and he was told to disregard the letter. But a default was put on his credit file in November 2018 and NewDay then sold his account to a third party business.

So, Mr A says he wants NewDay to remove the default and accept repayment of the full balance of his account.

During our investigation NewDay acknowledged it could have dealt with Mr A's phone calls better and it offered him £80 compensation for any distress or inconvenience he'd been caused by this and its delay in responding to his complaint.

Our investigator thought NewDay's offer of £80 compensation for its service failures was reasonable, in the circumstances. He said NewDay had acted positively and sympathetically when Mr A made it aware of the difficulties he was experiencing and it had set out exactly what action it would take if he didn't bring his account up to date and how this might affect him. The investigator also thought a further review of Mr A's situation wouldn't have made any difference as he'd told NewDay his circumstances hadn't changed from the previous review.

Mr A disagreed with the investigator's conclusions. He said during his last conversation with NewDay he was repeatedly told no default was being registered on his credit file. And his circumstances at the time might not have changed, but NewDay didn't even give him the chance of a call back or a letter to review his situation and to repay enough to avoid the default.

So, the matter has been referred to me to make a final decision.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I've decided to partly uphold Mr A's complaint and to require NewDay to pay him £80 compensation. I'll explain why.

I see when Mr A contacted NewDay about his financial difficulties, it conducted an analysis of his income and expenditure and as a result it agreed a nominal payment plan for six months from May to October 2018, with interest and charges frozen. So, I think NewDay responded positively and sympathetically to his situation, as this service expects.

I also see Mr A missed a payment in June 2018 and he made the other payments later than agreed. So, NewDay sent him a letter asking him to bring his account up to date by the next payment date, failing which his account would be terminated or he would be asked to pay the full balance and his account may be sold on. It sent him another letter in August 2018 saying his account had been passed to debt collection and on 6 October 2018 it sent him a further letter saying it would register a default on his credit file after 28 days.

So, I'm satisfied the correspondence NewDay sent Mr A told him clearly and accurately what would take place and within what timescales if he didn't bring his account up to date. I also think it was reasonable for NewDay to take the steps I've outlined above and not to conduct a further review of Mr A's situation given he'd told it his circumstances hadn't changed since the previous review.

I note during two phone calls with NewDay Mr A was wrongly told a default had already been registered against him, when this hadn't in fact taken place at that stage and I've listened to the call recordings. I note during the call on 12 October 2018 the agent wrongly told Mr A a default would have already been recorded against him when he was 44 days in arrears. The agent then went on to tell him the default letter dated 6 October was just a routine letter and he could 'file it away' as it probably just meant a default had already been recorded against him. But the agent didn't tell Mr A a default wouldn't be recorded against him. So, whilst I don't doubt this is what Mr A recollects, I can't uphold this aspect of his complaint, based on the available evidence.

I see NewDay has now acknowledged these calls could have been handled better and it has offered Mr A £80 compensation for any distress and inconvenience he was caused by this and by its delay in responding to his complaint. I think this is reasonable and I don't think it would be fair for me to require NewDay to pay Mr A anymore compensation, in the circumstances.

my final decision

My final decision is I partly uphold this complaint and order NewDay Ltd to pay £80 compensation to Mr A.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 19 January 2020.

Robert Collinson
ombudsman