

complaint

Miss S complains that her account with NewDay Ltd incurred late payment fees and interest without her knowledge.

background

Miss S held an account with Topshop which she hadn't used for a long time but which was in credit due to a refund received previously. In late 2017 Miss S used the card to purchase an item. The credit balance was set off against the cost of the item leaving a small balance on the card.

Miss S says she didn't receive any statements to remind her that she had a balance to pay. The account accrued interest and late payment charges. Late payment markers were placed on Miss S's credit file. Miss S became aware of this when she applied for credit elsewhere. It was at this point that Miss S contacted NewDay and paid the balance in full.

Miss S was unhappy that the account had been allowed to default without her receiving any notification of this. NewDay said that it sent letters of default so Miss S should have been aware of the balance. As a gesture of goodwill NewDay agreed to refund all interest and late payment fees.

Miss s remained unhappy and complained to this service. She wants the late payment markers removed from her credit file.

Our investigator upheld the complaint and said that the late payment markers should be removed because there had been issues with the statements and default letters reaching Miss S.

NewDay didn't agree. It said that the delivery of a statement wasn't a requirement for a customer to make a payment and that under the terms and conditions of the account it was Miss S's responsibility to follow up any missing statements of account. It said it wasn't prepared to remove the late payment markers because these were an accurate reflection of the account.

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 reviewed the statement and the letters of default which were sent to Miss S. NewDay has explained that the statement sent to Miss S in December 2017 was returned undelivered and that because of this, no further statements were sent to Miss S. I'm satisfied that because of this, Miss S didn't receive any statements at all.

I've looked at the statement to see why it might have been returned undelivered and I can see that it was incorrectly addressed due to a error with the postcode. I think that when the statement was returned undelivered, NewDay could have done more to make sure it held the correct address. It could have done this by telephoning Miss S. This didn't happen and I can see that the subsequent default letters were sent to the same incorrect address. Although the default letters weren't returned, I'm satisfied on the balance of probability that Miss S didn't receive these letters either.

I don't think it's reasonable for NewDay to say that it was Miss S's responsibility to chase up missing statements. Miss S hadn't used the account for some time so she wouldn't necessarily have been expecting a statement or realise that a statement hadn't arrived. It's NewDay's responsibility to make sure that all correspondence is correctly addressed, and this is particularly so when letters are returned as undelivered.

On balance, I don't think that Miss S received any statements or letters about her account. If she had done, I think she would have settled the account, because this is what she did when she discovered that there were markers on her credit file.

Taking all of the circumstances of the complaint into account, I think that NewDay could have done more to bring the balance to Miss S's attention once the statement had been returned undelivered. I'm satisfied that the statements and the default letters were incorrectly addressed and that Miss S didn't receive them. I'm satisfied that Miss S would have settled the account had she been made aware of the balance. Because of this, I think it's fair to ask NewDay to remove the late payment markers from Miss S's credit file.

my final decision

My final decision is that I uphold the complaint. NewDay Ltd should remove the late payment markers from Miss S's credit file.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 14 December 2018.

Emma Davy
ombudsman