

complaint

Mr A complains that NewDay Ltd defaulted his credit card account and passed it to a debt collection agency.

background

Mr A opened a credit card account with Aqua with a credit limit of £3400. By the end of May 2016 the balance had reached £3,475.28. The balance remained in excess of the credit limit until December 2016 when the account was terminated.

In October 2016 Mr A told Aqua that he had lost his job. NewDay sent an income and expenditure form to Mr A but he didn't return it.

Mr A's account remained in arrears and in November 2016 NewDay issued a Notice of Default. In December 2016 NewDay terminated the account and passed it to a debt collection agency.

Mr A didn't reach agreement with the debt collection agency on a payment plan. A default was applied to the account and it was sold to Cabot on 31 March 2017.

Mr A is unhappy that his account was passed to a debt collection agency and that a default has been registered. He says that he wasn't told about the default.

The investigator did not uphold the complaint. He said that Mr A had been given the opportunity to clear the arrears on the account and that NewDay had acted fairly in applying the default.

Mr A didn't agree. He says that he didn't receive the Notice of Default or the termination letter.

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 looked at the information provided by NewDay and by Mr A. This shows that Mr A missed monthly payments from May to December 2016. I can see that NewDay sent several letters to Mr A advising him that he had exceeded his credit limit and that he was in arrears with his monthly payments.

NewDay's records show that it first became aware that Mr A was in financial difficulties in October 2016. I can see that NewDay refunded a number of charges on the account and didn't apply further interest or charges after December 2016. So I'm satisfied that NewDay acted positively and sympathetically towards Mr A.

Mr A says that he didn't receive the Notice of Default or the letter terminating the account. I've looked at the letters and I can see that NewDay used the correct address for Mr A so on balance I'm satisfied that they were sent. Given that no payments at all were made on the account, I don't think NewDay acted unfairly or unreasonably in terminating the account.

I understand that Mr A is unhappy that his account was passed to a debt collection agency. But I don't think NewDay acted unreasonably, because Mr A hadn't returned his income and expenditure form and hadn't made a payment for several months. And the letter which accompanied the Notice of Default warned Mr A that his account might be sold, or passed to a debt collection agency.

Mr A complains that a default has been placed on his credit file. A credit file should give an accurate reflection of how an account has been managed. In this case, Mr A didn't clear his arrears and I'm satisfied that the default was fair.

Taking all of the circumstances of this case into account, I'm unable to find that NewDay has made an error or acted unfairly or unreasonably in defaulting the account. So I won't be asking it to do anything.

my final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 4 September 2017.

Emma Davy
ombudsman