

## **complaint**

Mr M complains a telephone agent at NewDay Ltd (NewDay) incorrectly input his address details when he phoned them to make a debit card payment, resulting in these payments being declined, and Mr M being unable to make further telephone payments to his Opus card account.

## **background**

Mr M has an 'Opus' credit card, provided by NewDay.

He obtained this card in January 2018. Each month, he would pay his bill by phoning NewDay and making a debit card payment over the phone. This happened successfully every month until March 2019. He tried making payments on 21, 23 and 25 March, but each time the payment failed due to an address verification error. Mr M complained and asked NewDay to find out why this happened and told NewDay he wouldn't make any more payments until he'd been given a proper explanation.

NewDay initially said they couldn't find any problems with their payment system, although they did refund a £12.00 late fee as a gesture of goodwill. However, after looking at the complaint again, NewDay then upheld the complaint, agreeing their associate had entered Mr M's postcode incorrectly when inputting the payment details – although they've since told us this *wasn't* the reason why the payments he tried to make in March failed. They refunded further charges of £24.00 and credited £30.00 to Mr M's account as an apology.

However, because Mr M hadn't made any further payments after February 2019 and arrears started to accrue, his card account was suspended in April 2019 and a default notice and termination letter were sent in May 2019.

Mr M is unhappy for a number of reasons. He doesn't think NewDay has properly explained why his payments failed. He also thinks the compensation NewDay paid him wasn't enough, as it doesn't reflect the amount of time he spent on the phone and the inconvenience caused. He also thinks NewDay closed his account too quickly.

One of our investigators looked at Mr M's complaint but didn't think NewDay had done anything wrong. Unhappy with this, Mr M asked an ombudsman to look at his complaint.

## **my provisional decision**

In my provisional decision, I said:

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 begin by looking at what happened when Mr M tried to make his monthly payments in March 2019.

NewDay has provided us with system screenshots that show these payments failed because of something called an Address Verification System (AVS) failure. NewDay has told us that AVS is used during a payment process to verify a customer's address. This is done to make sure the billing address of the card being used matches the one the customer tells them. If the address provided doesn't exactly match the one that the bank has on file, the payment will fail. NewDay say this is what happened here.

The information shows six attempted payments between 21 and 25 March 2019 failed, all because of an AVS error - except the third attempt on 21 March 2019 that failed because the maximum number of payment attempts had been made for that day.

NewDay has provided similar data from successful payments that were made earlier in 2019 – this shows the same address information was input as on one of the failed attempts on 23 March 2019. Whilst this still doesn't tell me *why* the March 2019 payments failed – I still haven't seen anything to confirm what caused the AVS to fail on these payments – it does suggest the payments didn't fail because of a fault with NewDay's systems. Successful payments were made earlier in 2019 with the same details being entered.

I've asked Mr M to provide further information that would allow me to see if this was an issue that only affected payments to NewDay, or whether other payments he tried to make at that time also failed. However, Mr M has said there isn't anything else he wishes to provide, so I can only reach a decision based on the information I already have. So, based on the information available, I haven't seen anything that suggests Mr M's attempted payments failed because of a fault with NewDay's payment systems.

However, I think NewDay could have done more to engage with Mr M on this point. I can see they provided conflicting information to Mr M – first they told him the failed payments weren't caused by a system fault, then that they were the fault of an advisor entering an address incorrectly. NewDay subsequently told us the payment failures weren't caused by their advisor incorrectly entering Mr V's address. This must have been confusing.

I think NewDay could have done more to properly investigate why these payments failed, and communicate this to Mr M. NewDay are able to access their systems and obtain this information, whereas Mr M clearly can't. It was a reasonable request that Mr M made – he's made this type of payment successfully for over a year, so please explain to him why the payments failed that time. He'd spoken to his bank, at NewDay's suggestion, who'd told him it wasn't a fault with their systems. I understand Mr M still doesn't know what really caused these payments to fail. Whilst I note NewDay have refunded a total of £36.00 in fees, I don't think the £30.00 compensation NewDay also paid to Mr M properly reflects the trouble and upset he's suffered as a result of the way NewDay communicated with him on this issue.

Before outlining the amount of compensation I think NewDay should pay, I want to comment on what happened after the failed March payments. Mr M says he's made many phone calls to NewDay trying to get an answer to this question, with no real success. Because Mr M wasn't given a proper explanation, he then stopped making payments which eventually resulted in a very serious consequence – his account was closed and eventually defaulted, something that will sit on his credit file for six years.

However, it was Mr M's decision to stop paying when he did. There were other ways to make his monthly payments - these are set out on his statements and on the arrears and termination letters sent by NewDay. The importance of bringing his account up to date, and the consequences of not doing so, are also mentioned.

Mr M has been clear, both with NewDay and when speaking to our investigator, that he wouldn't make any further payments using any other method. This was a decision he chose to make. Other payment methods existed that allowed Mr M to make his monthly payments, and avoid his account being defaulted. He chose not to use these.

So, whilst I think NewDay were at fault for not properly investigating and communicating why Mr M's March payments failed, I can't say NewDay were wrong to then chase the payment

arrears that were accruing, or ultimately default and close the account. I don't think they acted unfairly by taking the actions they did after Mr M stopped making payments.

This is important when assessing what I think is the fair amount of compensation NewDay should pay to Mr M - I will only be considering their failure to properly investigate, and communicate to Mr M, why his March payments failed. What happened to Mr M's account after this was down to his refusal to make other payment arrangements – this wasn't NewDay's fault, and I won't be asking them to do anything to reverse what they've done.

So, for the above reasons, my provisional decision was to uphold this complaint. I said I was minded to ask NewDay Ltd to pay compensation to Mr M for the trouble and upset caused by their failure to fully investigate the reasons for the March payment failures, their failure to communicate this to Mr M, and the conflicting information they provided to him. I think £150.00 fairly reflects the trouble and upset caused.

### **the response to my provisional decision**

Mr M has confirmed he agrees with my above findings, and to the compensation payment I've recommended. Newday has also been in contact, and confirmed it has nothing further to provide, and awaits my final decision.

### **my findings**

I've reconsidered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. And, following the responses received from Mr M and NewDay as mentioned above, I have nothing further to add to the findings set out in my earlier provisional decision.

### **my final decision**

For the reasons set out above, I uphold this complaint and require NewDay Ltd to pay £150.00 compensation to Mr M for the trouble and upset caused by the way they dealt with his complaint, and their failure to properly investigate and communicate to Mr M the reasons for the March 2019 failed payments.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 17 February 2020.

Mark Evans  
**ombudsman**