

complaint

Mr W says NewDay Ltd took months to respond to him and resolve the problems he was having making online payments. And whilst his complaint has been ongoing it has unfairly defaulted his account.

background

Mr W couldn't pay his monthly credit card bill online as there was an address mismatch. He first complained in March 2015 but heard nothing. In June 2015 NewDay offered to refund all interest and charges from February to May 2015 and confirmed it'd amended his address. It offered £50 compensation for the trouble and upset, and said any corrections required on his credit file would be made within 28 days.

Mr W rejected this offer and brought his complaint to us.

Our adjudicator recommended the complaint should be upheld. He said NewDay should remove all charges, any adverse data from Mr W's credit file and increase its compensation to £200. The bank agreed to pay £200, but said Mr W had no reason not to make his contractual repayments from July 2015. So it wouldn't refund charges from that point. It then defaulted his account in December 2015.

Mr W accepts £200 is fair compensation but wants all charges and interest from July 2015 to December 2015 refunding. He says it was unreasonable that NewDay defaulted his account during our investigation. He points out he tried many times to get a final balance in order to close 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. Having done so, I've come to the same conclusion as the adjudicator and for the same reasons.

As the level of compensation is no longer in dispute, I need to decide if the interest and charges applied after June 2015 should be refunded. And what should be recorded on Mr W's credit file.

NewDay argues Mr W had a contractual obligation to meet his minimum monthly repayment, and as he didn't for a number months, it was entitled to default his account. However, I don't think this is fair and reasonable in the circumstances. One of the key reporting principles (as agreed by the industry and the Information Commissioner's Office) is that *'a record lodged with a CRA (credit reference agency) must be a reliable reflection of an individual's credit standing'*. I don't think defaulting Mr W's account satisfies this criteria. I think from the outset Mr W was trying to deal with his debt.

He made clear he wouldn't make payments until this service finished reviewing his complaint and the outstanding balance was agreed. And whilst this may not be his contractual right, given all the circumstances of this complaint, if NewDay intended to continue to apply interest and charges (and in case of non-payment default the account) it needed to make this clear to Mr W. I can't find any evidence it did this, so I think it didn't treat him fairly. I find its service throughout this issue has been poor.

In summary, Newday must remove the default and all related adverse data recorded since July 2015 to date from Mr W's credit file. And ensure these amendments are recorded with the credit reference agencies.

I know Mr W wants to close the account as soon as possible. NewDay needs to restate the outstanding balance, removing all interest and charges from July 2015 to date. It should do this within 14 days of receiving this decision and then confirm the amount to Mr W. We can't accept Mr W's payment as he has asked, he must pay NewDay direct.

my final decision

My final decision is I uphold this complaint. NewDay Ltd must:

- pay £200 compensation for the trouble and upset;
- refund all interest and charges from July 2015 to date; and
- remove the default and any other adverse data from March 2015 onwards from Mr W's credit record.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 22 February 2016.

Rebecca Connelley
ombudsman