

complaint

Mr S has complained that NewDay Ltd unfairly recorded adverse information on his credit file.

background

Mr S had an account with NewDay. He called to clear the balance, and paid the amount he was told was outstanding. He therefore thought the account had been repaid in full. But this wasn't the case, as there was also a charge, interest and further interest due. This meant there was still an outstanding balance.

As NewDay didn't receive any more payments, it applied further interest and a tracing fee, and recorded adverse data on Mr S's credit file. Mr S feels this led to him experiencing problems with other credit applications.

NewDay agreed to remove some of the fees, and offered him £40 compensation. It also removed the adverse entries from Mr S's credit file. It's said it did so as a gesture of goodwill. Mr S felt this wasn't enough, so complained to this service.

Our adjudicator recommended that the complaint should be upheld. He felt that Mr S had reasonably thought his balance had been cleared in full. He thought the adverse information had likely caused Mr S problems, and that the compensation offered should be increased to £250.

As NewDay disagreed, the complaint's been passed to me for my 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.

Mr S rang NewDay to clear his balance. It's unclear whether he spoke to someone, or used the automated system. But in any event, he paid £485. His previous statement had shown the balance to be £484.95, so it seems he paid a rounded up amount of this. But the figure he was given didn't include interest and charges. So in fact, Mr S's balance hadn't been cleared.

I'm satisfied that Mr S wasn't given the right figure, whether that be by a person or a machine. And had he been, he'd have paid the full amount, which was only a small amount more. I don't think he should be penalised for paying the figure he was given, which he reasonably – in my opinion – thought was the full outstanding amount.

NewDay has now confirmed that it's removed the adverse information from Mr S's credit file. But unfortunately, it seems some damage had already been done. Mr S had trouble with other applications for credit. Although I can't be sure it was because of these entries, it seems to me likely that it was, at least in some cases.

It's clear to me that the matter has caused Mr S trouble and upset. I agree that £250 compensation is appropriate to address this.

my final decision

For the reasons given above, it's my final decision to uphold this complaint. I require NewDay Ltd to pay Mr S a total of £250 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 23 January 2017.

Elspeth Wood
ombudsman