

complaint

Miss R complains about NewDay Ltd, over a direct debit reversal and the customer service she received when concerned about her credit profile.

background

Miss R has an Aqua card, operated by NewDay Ltd ("NewDay") which she has held since 2016. She had a direct debit instruction in place to pay her account, for a fixed sum of £200 per month.

In early March 2018, NewDay sent Miss R her statement. This detailed the balance of the account and set the minimum payment and due date.

Two days before the direct debit was due to be taken, Miss R accessed her account and updated the amount of the direct debit.

The changes to the direct debit were not processed before NewDay attempted to take the payment, so it attempted to take £200.

This payment was reversed by Miss R's bank. Miss R contacted NewDay on the same day and paid just over the minimum payment to her account.

NewDay applied a £12 fee for the direct debit reversal in line with its terms.

In April 2018, NewDay sent Miss R her statement. Miss R made a payment of £60 which was less than the minimum payment required

NewDay applied a late fee of £12 to Miss R's account in line with the terms.

Miss R contacted NewDay as she was concerned that her credit report would be affected. She spoke to an agent and did not receive clear information from that agent about what would be updated to her credit report. She asked for a call from a team leader. The call was disconnected and Miss R had to call back.

Miss R submitted a complaint to NewDay.

NewDay sent Miss R its final response in May. It said that the direct debit reversal was a matter Miss R would need to take up with her bank, but that NewDay had not made a mistake in applying the fees to her account. It acknowledged Miss R's concerns about customer service so offered to reimburse one of the late fees and to credit her account with a further £10 in recognition of these issues.

Miss R was not happy and contacted us to look at her complaint. She remained concerned that her credit file would be affected and she felt that the offer of compensation was insufficient for her distress and inconvenience.

One of our investigators has looked at this matter and set out his view to the parties. This was that NewDay had made an appropriate offer to compensate Miss R. During his investigation NewDay provided evidence that Miss R's credit file was not affected.

Miss R did not consider that the offer of compensation was adequate and she asked for an ombudsman to look at her complaint.

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 understand Miss R's concerns about her credit file, and that she found contacting the business about this issue stressful. This is evident from her efforts to make payments immediately and to check whether the mistake had had an impact on her credit report.

There is no suggestion that Miss R was trying not to make the correct payment in March, but unfortunately the instruction to amend the direct debit could not be processed in time.

That said, the business was not at fault for the issue with the direct debit being reversed, and in those circumstances the business was entitled to apply the fee in line with its terms.

In respect of the April payment, it is not clear why the payment made was less than the minimum, and Miss R paid an extra sum to bring the account in line soon afterwards, but this was late by the terms of the agreement. NewDay were therefore entitled to apply the late fee to the account.

When Miss R called to speak to an agent, she was frustrated that the agent could not confirm whether the late payment and direct debit reversal would be reported on her credit file. NewDay has explained that at the time of the call the advisor would not be able to check what had been updated, as they update credit profiles at the end of the month.

Miss R requested a call from a team leader and NewDay accepts that this wasn't returned. It also apologises for the customer service Miss R experienced during the call.

I appreciate that Miss R had to call back and that she felt that her time was taken up. I do not, however, think that that was NewDay's fault (other than potentially after the call which was disconnected) and Miss R's distress and inconvenience was predominantly due to the possible impact on her credit file, rather than by NewDay's handling of the issue.

As a result I think the compensation offered by NewDay, along with the evidence it has provided to show that there has been no adverse effect on Miss R's credit report, is sufficient to reflect the failing in customer service from NewDay.

I do not ask the business to do anything more.

my final decision

For the reasons set out above, I do not uphold Miss R's complaint and I do not ask NewDay Ltd to do anything further.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss R to accept or reject my decision before 25 November 2018.

Laura Garvin-Smith
ombudsman