

complaint

Miss G complains that NewDay Ltd ("NewDay") defaulted her account and that they sold the account to a debt collection business.

background

Miss G's account with NewDay was closed by them in June 2017. But she says they were wrong to do so as she'd told them she was in financial difficulty. She's also unhappy they sent her account to a collection agent for recovery.

NewDay have explained that they were aware of Miss G's financial difficulties in April 2017 and they arranged a repayment plan with her of just £1 per month. They provided call records from this time during which their agent read out a script explaining that, as Miss G was entering a repayment plan, arrears would continue to accrue as she wasn't paying the full monthly payment. The agent confirmed that this would show on Miss G's credit file and that the account may be defaulted which may lead to her having difficulty obtaining credit in the future. Miss G was advised that her account may be sold on but the repayment plan would stay in place.

But NewDay said that when they didn't receive payments in June, July or August, they defaulted the account as they were entitled to do. And they said that they were then within their rights to transfer the management of the account to a debt collection company.

Miss G disagreed with NewDay and she referred her complaint to this service. But our investigator agreed with NewDay. He noted that Miss G had been warned of the consequences of missing payments and that it had been explained that her account may be defaulted and sold on. So he didn't think NewDay had done anything wrong.

But Miss G was still disappointed. She said that NewDay had refused to give her access to an app so that she could make payments. And she explained that as she was sick at the time she found it difficult to make the payments over the phone. She added that she thought the demand letters she received were confusing as they demanded higher figures than she'd agreed in her repayment plan. So Miss G asked for a final decision by an ombudsman.

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 know it will disappoint Miss G but I agree with the investigator's view and for similar reasons. Please let me explain.

Where the information I've got is incomplete, unclear or contradictory, as some of it is here I have to base my decision on the balance of probabilities.

I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point it's not because I've failed to take it on board and think about it but because I don't think I need to comment on it in order to reach what I think is the right outcome.

When Miss G told NewDay about her financial difficulties in April 2017, I would expect them to be positive and supportive of her situation. And I think they were. They agreed a repayment plan with her and when she missed the first payment they understood and cancelled the charges they'd applied.

But as Miss G didn't comply with the repayment plan they'd agreed I think NewDay were right to default the account. They didn't do so immediately and they sent Miss G several letters to explain what was happening. But when it was clear payments were not being made, they did what their agent had warned Miss G they could do, and they terminated her contract.

I don't think they did anything wrong when transferring the account either. They had warned Miss G they would do that and it's common practice for businesses to take this action so that others, more familiar, with the debt collection process can take over.

I understand that Miss G was quite ill before the birth of her baby and I hear what she says when she explains that she was too ill to speak on the phone and would've preferred to pay via an app. But I can't insist that NewDay provide this facility – it's a commercial decision for them to make.

The statements Miss G received showed the minimum payments due on the account and I can understand that these may have seemed confusing. But the business has a requirement to send out these statements regardless of whether an alternative payment arrangement is made. And I see they explained this in the statements that they issued. So I don't think it would be fair to say NewDay have done anything wrong here or need to take any action.

my final decision

For the reasons I've given above I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss G to accept or reject my decision before 9 November 2018.

Phil McMahon
ombudsman