

complaint

Mrs B complains NewDay Ltd didn't apply a payment she made to her credit card account, and this caused her a financial loss, inconvenience, and upset.

background

NewDay says it didn't receive Mrs B's October 2018 credit card payment, so it applied a £12 late payment fee and sent her a default notice. However, Mrs B complained that she had made a payment of £107 towards her account in a shop, from her debit card.

NewDay agreed to refund the late payment fee and the interest that had been applied to the account as a result of Mrs B's payment not being received. But it said Mrs B hadn't provided sufficient evidence to show the £107 payment had been made, so at that stage, it wasn't prepared to credit her account with the disputed funds. Mrs B remained unhappy, so she referred a complaint to this service.

Mrs B's complaint was considered by one of our investigators, and she thought it should be upheld. Although the receipt given to Mrs B in the shop didn't have an account number, our investigator didn't think there was anything more Mrs B could do. She was satisfied Mrs B had confirmed with both the shop and her bank the payment had gone through; and she noted NewDay had several £107 payments unallocated to an account due to the lack of reference numbers. So, our investigator thought NewDay should credit £107 to Mrs B's account and remove any adverse information from her records in relation to the missed payment.

NewDay maintained it was unable to link the unallocated payments to Mrs B's account, but it agreed to our investigator's recommendations. NewDay also explained that Mrs B had since failed to make further monthly payments from January 2019 onwards, and it said the further associated late payment fees and adverse records would remain.

Mrs B went on to ask our investigator about compensation for the distress the situation had caused. NewDay maintained the issue hadn't been caused by its error, but it offered Mrs B £50. Mrs B said she would accept £100, but NewDay declined and our investigator thought the £50 offer was fair. Mrs B wasn't prepared to accept £50, so her complaint has been passed to me to decide.

NewDay has since clarified that Mrs B stopped using her account after December 2018, but because the £107 payment hadn't yet been credited, a debt remained outstanding. Mrs B refused to make any further payments whilst this dispute was ongoing, and as a result, NewDay applied late payment fees between January and April 2019.

Following our investigator's recommendations, NewDay credited £107 to Mrs B's account. However, this left an outstanding balance, which was solely made up of the late payment fees and interest that had accrued between January and April 2019. No further fees or interest was applied after April 2019 and the account remained inactive.

NewDay has now offered to adjust the account balance to nil and arrange for any adverse information to be removed from Mrs B's credit file as a result of no further payments being made after December 2018.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

For the reasons outlined by our investigator, on balance, I accept that Mrs B made the £107 payment. But in my view, it remains unclear which business is at fault for the funds not reaching her account, *i.e.* NewDay, Mrs B's bank, or the shop where the payment was made.

Nonetheless, because I accept the payment was made, I consider it fair and reasonable for NewDay to credit Mrs B's account with £107, and to take action which ensures she isn't disadvantaged by the payment not being received in October 2018.

NewDay has already:

- removed any adverse information it reported about the October 2018 missed payment;
- refunded the late payment fee and interest from October 2018 to the account;
- credited the account with £107; and
- offered 50 compensation

NewDay has also now agreed to:

- clear the outstanding balance – which is solely made up of further late payment fees and interest that accrued due to the £107 not being credited to the account sooner; and
- remove any adverse information it reported from January 2019 onwards

Having reviewed Mrs B's credit card account statements from October 2018 onwards, I'm satisfied the above actions ensure she hasn't been disadvantaged by what happened.

NewDay accepts it could have done more to help Mrs B locate the missing payment when responding to her complaint. I also acknowledge the situation has been inconvenient and upsetting for Mrs B. However, I've not seen or been told anything that persuades me to increase the £50 compensation NewDay offered – particularly as it hasn't been shown NewDay caused the initial issue.

Overall, I'm satisfied an outcome has been reached that's fair to both parties.

my final decision

I appreciate Mrs B will remain disappointed, but for the reasons I've set out above, I uphold this complaint.

My final decision is NewDay Ltd should:

- clear Mrs B's outstanding balance;
- compensate Mrs B £50 (*if* this hasn't yet been paid); and
- remove any adverse information reported from January 2019 onwards

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 1 March 2020.

Vince Martin
ombudsman