

Complaint

Ms E complains that NewDay Ltd (trading as Aquacard) misled her when she called to talk about a payment arrangement and payment holiday last year. Ms E says Aquacard incorrectly said that no adverse information about her arrangements would be reported to the credit reference agencies.

Ms E also complains that the level of interest Aquacard charges has changed over time and that it doesn't give details of her interest rate on its statements.

Background

Ms E contacted Aquacard on 7 March 2018 as she wasn't working and was experiencing financial difficulties. Ms E asked Aquacard for some help and it agreed to accept payments of £1 a month for the next two months. Ms E says she was told no adverse information would be reported to the credit reference agencies.

On 3 May 2018 Ms E spoke with Aquacard again and agreed to extend the payment arrangement after an income and expenditure assessment was completed.

On 7 June 2018 Ms E called Aquacard and advised she was working again. Aquacard ended the payment arrangement and put a payment holiday in place.

Ms E complained to Aquacard and it responded on 25 March 2019. Aquacard agreed that Ms E had been given misleading information when she discussed the payment holiday on 7 June 2018 and arranged to have any adverse information about it removed from her credit file. Aquacard also paid Ms E £20 to apologise. Aquacard responded again on 30 April 2019, after Ms E made some further points. But it didn't agree to remove the adverse information it reported while Ms E was subject to the earlier payment arrangement.

Ms E asked our service to look at her complaint and it was passed to an investigator. The investigator explained that Aquacard hadn't kept the call recordings so we weren't able to listen to what was said in March and June 2018. But the investigator thought there was sufficient information available to reach a view. He didn't uphold Ms E's complaint and she asked to appeal. As a result, the complaint has been passed to me to make a 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.

Ms E has made several complaints about her account and how Aquacard operates. Before I talk about the main issue relating to the payment arrangement, I'll give my thoughts on the other points Ms E has raised.

Ms E says that her account hasn't been operated correctly by Aquacard and that the interest rate has gone up. But the terms of Ms E's credit card say Aquacard can increase the interest rates it charges by giving card holders two months warning. Aquacard has sent us a copy of its letter to Ms E dated 18 November 2016 explaining the interest rate would go up at the end of January 2017. As Aquacard is allowed to increase the interest rate by giving advance notice I haven't found it made a mistake.

I've looked at copies of Ms E's statements and the interest is shown on page 2. Ms E says that the way interest and charges have been applied to her account have caused her to go over the limit. But the interest and charges I've reviewed have all been applied in line with the credit card's terms. I haven't seen anything to show Ms E has been overcharged.

Ms E's main complaint relates to the information she was given in March 2018 when she called to let Aquacard know she wasn't working and experiencing financial difficulties. Ms E says the call handler told her there would be no adverse information shown on her credit file as a result of entering into a payment arrangement to pay £1. It's unfortunate the call isn't now available to listen to. But I don't think the absence of the call impacts the outcome of this complaint.

Ms E has told us that she was experiencing financial difficulties in March 2018 which is why she called Aquacard to ask about a reduced payment. Aquacard's contact notes show it looked at Ms E's income and outgoings and agreed she couldn't afford to maintain her payments. As a result, it agreed to accept payments of £1 for March and April 2018 instead of the minimum payment due of around £147. Even if I were to accept that Ms E was incorrectly advised that her credit file wouldn't be affected by the payment arrangement I'd have to take think about whether she would have done anything differently if the information she was given had been correct.

I think it's clear Ms E wasn't able to make her March and April 2018 payments based on what she told Aquacard at the time. So even if she had made her aware of the impact to her credit file, I still think Ms E would have proceeded with the payment arrangement. It appears Ms E's options were limited in the short term because she wasn't working.

I also have to take into account that the collections staff at Aquacard deal with similar situations everyday and I'm satisfied they would be aware details of a payment arrangement would be reported on the card holder's credit file. Ms E is clear in her recollections so I can only assume there was a genuine misunderstanding between her and Aquacard. But, as I've said above, I'm satisfied Ms E's position meant she needed to reach an arrangement to reduce her outgoings when she called on 7 March 2018. The payment arrangement gave Ms E some space and she was able to being making full payments again a few months later.

Aquacard agrees Ms E was given misleading information when she called and discussed a payment holiday on 7 June 2018 and has removed the adverse information it reported. Aquacard has also paid Ms E £20 to recognise the error. I'm pleased Aquacard has taken steps to remove the adverse information it reported and I'm satisfied the £20 it paid Ms E fairly reflects the impact of the situation on her.

I'm sorry to disappoint Ms E but whilst I agree there were some mistakes, I think Aquacard has dealt with her complaint fairly. As a result, I'm not telling it to take any further action.

My final decision

My decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms E to accept or reject my decision before 8 February 2020.

Marco Manente
Ombudsman