

complaint

Miss C complains about the information NewDay Ltd has recorded on her credit file about her credit card agreement.

background

Miss C had a credit card with NewDay. She says she spoke to it in 2011 to say that she was experiencing financial difficulties. She agreed a repayment plan with it, but she wasn't told that it would have a negative effect on her credit file. After she complained about this NewDay apologised and offered her £40 compensation as it didn't have any record of telling her this. But Miss C didn't think that was enough in the circumstances.

Our adjudicator didn't recommend that the complaint should be upheld. He accepted that Miss C might've been told that the reduced payments wouldn't affect her credit file. But it wasn't clear it did this. In any event, he didn't think that Miss C could've avoided her credit file being affected as she couldn't afford to repay her debt. He thought that NewDay had been positive and sympathetic to Miss C's difficulties. It agreed to accept reduced payments, and freeze charges and interest on her account.

Miss C disagreed with the adjudicator and asked for the case to be reviewed. She says NewDay defaulted the account and sold the debt on to a third party. She doesn't think it should've done this, and says she wasn't told it could happen.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Having done so, I've reached broadly the same conclusions as the adjudicator, and for much the same reasons.

NewDay accepts it should've told Miss C that the payment arrangement would have a negative impact on her credit file when it was first agreed. As it isn't sure whether it did this, and says it sent Miss C letters that were unclear, it has offered her £40 compensation. I appreciate Miss C thinks she should be awarded more money for this. But having considered the extent to which she has been disadvantaged, I find that amount is fair and reasonable. I say this because it appears that Miss C didn't keep up with the payment arrangement that had been agreed. NewDay's records indicate that it spoke to Miss C on the phone in June 2011 and told that her credit file would be affected. It also said her account could be passed on to a third party debt collector.

In the circumstances, I find NewDay was entitled to pass her account on to a third party debt collector, and default it. It's not clear to me from what's been provided that NewDay sent Miss C a default notice. But I'm not persuaded that she would've done anything differently if she'd been sent this. So I don't consider it would be fair for me to require NewDay to pay her more compensation for what happened.

my final decision

My final decision is that I don't uphold the complaint. I simply leave it to Miss C to decide whether she wishes to accept NewDay Ltd's £40 offer in settlement of this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 27 April 2015.

Laura Forster
ombudsman