

complaint

Mr R complains about how NewDay Ltd ("NewDay"), trading as Aqua Card, dealt with him when he reported that he had lost his job. He wants NewDay to refund the charges and interest he incurred, to remove negative credit markers from his credit file, and to pay him compensation for his distress and inconvenience.

background

I set out the background to this complaint, and my provisional view, in a provisional decision issued in June 2020. A copy of that decision is attached.

That provisional decision has been shared with the parties and they have been invited to comment.

Mr R has not provided any comments in response to the provisional decision, nor indicated whether he accepts or rejects the view.

NewDay has provided a response to the view. It accepted the majority of the decision, but argued that it should not have to remove all negative information from Mr R's credit file relating to the relevant period.

my findings

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

In my provisional decision, I set out that I thought Mr R should have been placed onto a plan which required no repayments for three months, and which would be reviewed at the end of that period. I considered that agreeing with Mr R a repayment plan of £4 per month, when he had no income and significant outgoings, was unreasonable in the circumstances and was unachievable.

NewDay, in its response has accepted my provisional view, but argues that if Mr R had been put onto a zero repayment plan for three months he would still have accrued arrears over this period and that these arrears would have been reported to credit reference agencies.

NewDay therefore argues that to remove all negative information relating to this period would create an inaccurate reflection of Mr R's accounts over this time and would not be putting Mr R in the position he would have been in if there had been no failing in service.

I accept this argument and understand that to remove all negative information relating to the period January – June 2018 would create an inaccurate and misleading view of Mr R's account management during this time. I consider that Mr R's credit record should not include any additional negative information which was caused by NewDay's failure to follow its usual process, and which would not have otherwise been reported if Mr R had been placed on the three month plan. I accept, however that any information which would have been reported in any event should remain on his credit file.

As a result, I adopt my provisional decision and reasoning, as supplemented by this decision, and uphold Mr R's complaint.

my final decision

For the reasons given in my provisional decision, and above, I uphold Mr R's complaint and direct NewDay Ltd to:

- Refund to Mr R's account all charges and interest applied to his credit card account between January 2018 and June 2018;
- Recalculate Mr R's account balance from June 2018 onwards so that his balances and credit file information takes into account the adjustment above;
- Remove any negative information from Mr R's credit file which would not have been applied had he been put on a three month zero payment plan;
- Amend any remaining credit file information in line with the above adjustment; and
- Pay to Mr R a total of £150 compensation for his distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 13 September 2020.

Laura Garvin-Smith
ombudsman