

complaint

Mr L complains that NewDay Ltd has mismanaged his loan account and did not provide him with clear answers to his questions.

background

Mr L took out a fixed sum loan agreement in October 2012 to finance an item of furniture. Mr L says that when his account was transferred to NewDay it failed to make a direct debit payment and a default was applied to his credit file. He says that after raising this with NewDay the default was removed and he was told this would not happen again.

He says that the next monthly payment was then not taken and his regular payment amount was increased without any notice. Mr L says that the terms of his account were changed without giving him notice which had an impact on his credit file. Mr L also complains that the questions he has raised with NewDay have not been answered.

NewDay says that it experienced problems which affected direct debits after accounts had been transferred from a previous owner in April 2014 and its systems integrated in August 2014. It says that the terms and conditions of Mr L's account were not changed and that Mr L's credit file was updated in January 2015 and that this should now show all the correct information. As Mr L made the final payment in January 2015, NewDay says that his credit file should now show his account as settled. NewDay accepts that mistakes were made with Mr L's payments and that it took five months to resolve all the issues. It says that it has paid £95 compensation because of the distress and inconvenience these issues have caused.

The adjudicator said that because it took five months to fully resolve Mr L's issues and that even after this time Mr L was still not clear on what had happened and why, the £95 compensation paid was not enough. He said a further £55 should be paid bringing the total to £150.

The business did not agree to the additional compensation.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

My role is not to punish NewDay but where a mistake has been made to make sure that the customer is put back in the same position he would have been in had the mistake not been made and, where appropriate, to award compensation.

NewDay has updated Mr L's information with the credit rating agencies and as the account has now been repaid this should show as settled on Mr L's credit file. Mr L says that he did not try to apply for credit during the period when the problems with his account were happening and he has not suffered any financial loss. Based on this, I find that Mr L is now in the same position he would have been had the problems with his account not happened.

Mr L has been caused inconvenience and upset because of the mismanagement of his account and I find that it is fair that he should receive compensation for this. NewDay has paid £95 compensation and the adjudicator recommended this was increased by a further £55.

NewDay has accepted that it has made mistakes and that it took a number of months to resolve these. Through this time, Mr L was required to contact NewDay a number of times and while I accept that NewDay sent Mr L letters in response to his concerns, these did not provide clear answers to his questions.

One of Mr L's key concerns was why his monthly payment had changed without him being notified. NewDay accepted that it had made a mistake and not reset Mr L's payment after an issue with his payment the previous month. In its letter dated 10 December 2014, which apologised for the previous issue with Mr L's direct debit and for the previous response he had received not being to the department standard, an explanation was given for the new payment amount. It set out that the original payment of £92 was increased by the late payment charge of £12 causing a payment of £116 to be made in November 2014. Because £92 plus £12 does not add up to £116 this caused further concern to Mr L.

Overall, while I accept that NewDay has tried to address Mr L's concerns and has paid compensation to him, I find that the length of time this has taken to resolve and the number of mistakes that have been made, mean that further compensation is fair. I find that an additional £55 compensation, taking the total compensation to £150 is fair and reasonable in this case.

my final decision

My final decision is that New Day Ltd should pay Mr L a further £55 in settlement of this complaint.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr L to accept or reject my decision before 27 May 2015.

Jane Archer
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