

complaint

Mr M complains that NewDay Ltd took a direct debit payment from him after it told him it wouldn't do that.

background

Mr M used to have a branded store card for a large internet sales firm, which is provided by NewDay. He said that he had problems paying for contactless transactions, and he didn't get the same level of service he got with other cards. So he wanted to pay off the card and close the account.

Mr M contacted NewDay. It said that he couldn't pay off the card in full straight away, because there was a pending transaction on the account. So he rang back a couple of days later, and paid off the balance. He said that he asked the advisor he spoke to whether the direct debit he had set up to pay the card every month would still be taken for that month. He told us that he made a point of asking about that because he knew he didn't have enough money in his account to pay the direct debit too. He said he was told that the direct debit wouldn't be taken. But then it was.

He complained about this to NewDay, and he said that the advisor told him that the money would be back in his account within three days. But it wasn't. He was left without any money for several more days.

NewDay said that it's standard across the whole banking industry for a direct debit to be requested five days before the payment is due. So by the time that Mr M made the manual payment, it couldn't cancel the direct debit payment. But it did say that its advisor should've told Mr M that his direct debit would still be paid. NewDay said that it had returned the money taken through the direct debit payment. And it hadn't recorded any adverse data on Mr M's credit file because of this problem.

NewDay paid Mr M £15 to say sorry. But it paid that money into his credit card account. And he'd already said he wanted to close it. Mr M has complained separately about NewDay not closing his account when he asked it to.

Our investigator upheld this complaint. He said that NewDay had told Mr M it wouldn't take the direct debit payment. He said that he didn't think it was fair to expect Mr M to know how direct debit payments are set up, and when they can be cancelled. So the advisor at NewDay should've told Mr M what would happen. Our investigator said that NewDay had given Mr M wrong advice on more than one occasion. He thought that NewDay should pay Mr M a total of £100 in compensation.

Mr M agreed to that, but NewDay didn't. It said that it didn't feel that the incorrect advice that its advisor gave about the direct debit caused Mr M any detriment.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. I've reached the same conclusion as our investigator, and for broadly the same reasons.

Mr M wasn't told that money would be taken out of his account even though he had made a manual payment. Around £500 came out of his account shortly after the manual payment was made. Mr M wasn't expecting that, and he was specifically told it wouldn't happen. He said he didn't have enough money, and had to borrow money to put his current account back into credit until NewDay paid him back.

I think NewDay made a mistake when it told Mr M that his direct debit wouldn't be taken. And Mr M told us it took NewDay much longer than it said to get this money back to him. Because Mr M had to borrow money to tide him over until NewDay paid him back, I don't agree that this mistake had no impact on Mr M.

I agree with our investigator that a total of £100 is the right amount of compensation for NewDay to pay in this case. NewDay has already paid Mr M £15. That money may have been used to make payments from Mr M's account, as the account wasn't closed when Mr M requested it, but if so, that would need to be considered as part of Mr M's next complaint. My decision on this complaint is that NewDay needs to pay Mr M a further £85 in compensation.

my final decision

My final decision is that NewDay Ltd should pay Mr M £85.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 7 March 2018.

Esther Absalom-Gough
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