

## **complaint**

Mrs M complains that NewDay Ltd has been taking money from her account which she didn't think was due to it.

## **background**

Mr M on behalf of Mrs D contacted NewDay to ask about monthly payments being taken from her account. He thought the account was settled so didn't understand why payments were continuing. When he asked, NewDay said it wasn't able to trace the accounts. Mrs M had settled a PPI claim for the accounts and thought they were cleared. She said she didn't have any correspondence from NewDay when it took over the accounts from the original bank. Even if the accounts weren't cleared she wasn't totally certain the balance had been corrected once the PPI payments were removed.

NewDay said that Mrs M had cancelled the direct debit payments on both her store card accounts. It also said her address was incorrect. As a gesture of goodwill it removed one late payment fee from each account but didn't accept that it had made any error in operating the accounts. It said it wasn't aware of her change of address until June 2017 when it heard from this service. It wouldn't agree to refund any further charges applied to the account since the direct debit payments were cancelled.

The adjudicator said she thought NewDay had acted fairly. NewDay wasn't involved in the PPI settlement and the payment wasn't applied to clear the accounts. She thought NewDay had correctly requested continuing payments for the balances on the cards.

Mrs M didn't agree. She said she wasn't aware of NewDay and had used post forwarding services when she moved. She hadn't had any statements for many years. NewDay had ignored her 2015 letter asking for clarification. She remained concerned that the charges now being taken related to earlier payments for PPI. NewDay denied the accounts existed even when the reference supplied was the reference from the original 2009 account statements. She had been ignored until the direct debit was cancelled. NewDay hadn't provided appropriate information but Mrs M was still advised to keep making her direct debit payments. Had she known there was a balance she would've cleared it. Mrs M made a proposal regarding clearing the account balances as they were in 2017 before they cancelled the direct debit. She sent a cheque for this amount.

The offer was rejected by NewDay but the cheque was applied to reduce the accounts.

## **my findings**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. While I am sorry to disappoint Mrs M, I can't reasonably uphold her complaint for the reasons given below.

Mrs M opened several store accounts. Since opening them she'd changed addresses in around 2008 and in 2016. She says she paid for a post forwarding service on both occasions. But that service simply sends post on to the new address it wouldn't have notified the store card account of her change of address. So after the forwarding service expired her correspondence would continue to the old address. This explains much of the difficulties

associated with this complaint and the reason Mrs M complains of not receiving information about the account and from NewDay.

It is the responsibility of the account holder to keep the business up to date with any change of address. So I don't think NewDay made a mistake in sending correspondence to her old address both when the accounts were transferred to them and in sending account statements and other correspondence.

Mrs M says the old bank must've been aware of her correct address at the time it settled her PPI claim. However it seems the PPI claims were settled after the accounts were transferred to NewDay with her old address. The bank that settled the PPI claim and New Day are separate businesses and NewDay doesn't seem to have been notified of the new address.

Mrs M also said that when the direct debit was cancelled in 2017, NewDay had managed to make contact despite the out of date address. But NewDay says it only became aware of the correct address following contact from this service in mid-2017. That seems reasonable to me.

I have considered the confusion about the account numbers for the store cards. But it seems the original reference quoted was for Mrs M's bank account and not the store card accounts. I note also that once the parties were in contact in 2017 they were able to identify the correct accounts. So while it didn't help, I don't think this made a material difference to resolving the questions about payments due on the accounts.

Mrs M complains she hadn't had any correspondence from NewDay. In 2014 the original provider of the accounts transferred the business to NewDay and it said it issued a notice of assignment in February 2014. I have seen a copy of the form of notice. As it wasn't aware of the change of address this notice was sent to an old address and never received by Mrs M. This wouldn't have helped the future correspondence between the parties and the confusion around account numbers. But as I've said that isn't NewDay's fault.

In May 2015 Mr M noticed that monthly payments were being taken from her account and contacted NewDay. I can see from NewDay's customer records that the letter was received. The notes say a reply was issued within days asking for more information. Mrs M says she didn't get this. I can't explain why she didn't get the letter of reply but the notes show it was issued. This is unfortunate but it seems NewDay replied quickly and I can't see that NewDay did anything wrong at the time.

Mrs M says she thought the store card accounts would've been cleared by the PPI settlement. In fact it seems Mrs M asked for the PPI settlement to be paid into her bank account and not her store card accounts, so it didn't clear any remaining balances.

She is also concerned that the current balances are in part due to historic PPI payments. Mrs M provided a calculation to show the balances from 2007 and 2017. Both could've been cleared by the PPI settlement. As I've already said the balances weren't cleared. I accept that the current outstanding balances could in part be affected by historic costs of PPI. But the method of calculation of the PPI settlement expressly states it included the historic interest charges due to PPI payments. So had part of the settlement been applied to clear the balances at the time the issue would not have persisted. So I don't think NewDay has made a mistake in continuing to deduct the minimum payment and applying interest charges and late payment charges.

I note that the cheque issued for the balance on the accounts before the direct debit was stopped in 2017 has been applied to the accounts. But due to the continuing late payment charges these may not have cleared the accounts in full. As I don't think NewDay has made a mistake in making those charges, I can't direct it waives them.

In reaching my decision I have considered that Mrs M suffers from health issues. I can understand that these could affect her ability to manage her correspondence but it hasn't changed my decision. I say that because NewDay didn't make a mistake and I don't think it did anything to make the situation or Mrs M's management of it harder due to a failure on its part.

**my final decision**

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 1 March 2018.

Colette Bewley  
**ombudsman**