

## **complaint**

Miss T has complained about irresponsible lending and poor customer service by NewDay Ltd in relation to her Marbles credit card.

## **background**

Miss T has a credit card account with NewDay. In 2017 she was in financial difficulties and asked StepChange to help her set up a payment plan with NewDay. An offer of £38.06 per month was offered through StepChange, which NewDay rejected. Its reason for this is that it was for more than the minimum monthly payment due on the card.

NewDay offered Miss T a No Fee arrangement – which would allow her to bring the account up to date within an agreed timescale. During this time, no fees would be added to the account, provided payments are maintained in accordance with the agreement. NewDay has acknowledged that it didn't tell Miss T that letters would still be sent which referred to late payment charges. Miss T was upset about this.

Miss T complained to NewDay. She thought she shouldn't have been offered a card in the first place, and said that when she got into difficulty, she wasn't offered help. Miss T has also complained about the calls she received from NewDay, which she says caused her distress.

NewDay didn't uphold the complaint, even though in its final response letter it acknowledged that its customer service had fallen short in places. Miss T brought her complaint to us. An investigator looked at it.

The investigator was satisfied that NewDay hadn't acted irresponsibly when it offered Miss T a credit card. But she thought the customer service from NewDay was poor, particularly in relation to the calls that were made to her after the No Fee arrangement was put in place. The investigator also thought it wasn't appropriate that Miss T continued to receive letters about fees being applied to the account during this time.

The investigator asked NewDay to pay compensation of £200 to Miss T for the trouble and upset its poor customer service had caused her. Miss T agreed with this, but NewDay didn't think this was fair and asked for an ombudsman to review the complaint.

In summary, NewDay has said that, although it could have stopped collections calls if Miss T had raised a grievance about them, it couldn't have stopped interest or charges unless it had agreed a payment plan.

## **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 the same outcome as the investigator, for broadly the same reasons.

First, I'm satisfied that the card wasn't mis-sold and that NewDay wasn't irresponsible in offering the account to Miss T. This account is designed for customers with poor credit and it's intended to allow them to rebuild their credit score. Miss T met NewDay's criteria when she opened the account. So I don't uphold this part of the complaint.

But I'm satisfied that NewDay's customer service was poor once it knew Miss T was having difficulty with her finances. NewDay is required to treat customers in financial difficulty positively and sympathetically.

I think NewDay could have been proactive at an earlier stage when Miss T first told it she was in difficulty. Instead she was told to check her account online to ensure that interest added to the account wouldn't take her over her agreed limit. I'm satisfied that NewDay should at that point have signposted Miss T towards sources of help and advice, and looked at what it could do to alleviate her financial difficulties.

Miss T's offer of payment through StepChange was too high for NewDay to offer her an interest-free payment plan. But she did qualify for the No Fee arrangement.

NewDay has accepted that Miss T wasn't told that she'd continue to receive letters about fees and charges on the account. I'm satisfied this caused Miss T distress.

I've also listened to the phone calls Miss T received. I think these were inappropriate and unhelpful. On some of the calls the agents didn't know why they were calling. When Miss T called NewDay after receiving letters referring to collection fees, she was given confusing information about her account. I'm satisfied that, while Miss T was in the No Fee arrangement, it wasn't appropriate for her to receive letters about fees applied to her account (when this was incorrect), or to receive collections calls.

In the circumstances, I'm satisfied that an award of compensation is appropriate for the trouble and upset caused to Miss T by NewDay's actions. I think £200 is fair and reasonable.

### **my final decision**

My decision is that I partly uphold this complaint. For the trouble and upset caused to Miss T, NewDay Ltd must pay Miss T compensation of £200.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss T to accept or reject my decision before 23 April 2018.

Jan O'Leary  
**ombudsman**