

complaint

Miss D complains that NewDay Ltd has not allowed her to make payments to her account.

background

Miss D entered into a buy now pay later agreement with NewDay in 2012. This was a fixed sum loan agreement which required Miss D to make monthly payment of £13.73 for 36 months. Miss D cancelled the direct debit to NewDay in October 2013. She contacted it and tried to pay the balance she owed over the phone. Miss D was unable to do this as she failed the security questions. She did not reinstate the direct debit. This meant that Miss D was not making her contractual loan repayments. The debt remains unpaid and it has been sold on to a debt collection agency.

Miss D is unhappy with this and brought a complaint to us to consider. She says her bank cancelled the direct debit. She did not do this.

The adjudicator did not recommend that the complaint should be upheld. She noted that Miss D's correspondence to her bank suggested she had cancelled the direct debit rather than the other way around. The adjudicator noted that Miss D had told us that she had cancelled the direct debit as she was not sure what it was for. The adjudicator was not persuaded that Miss D had not known what the monthly payments she was making were for.

The adjudicator noted that NewDay's system notes record that Miss D was advised that she should set up a new direct debit to continue the loan payments. Miss D did not do this, and no further payments were made towards the loan.

Miss D is not happy to accept the adjudicator's recommendation. She says that she entered into a buy now pay later arrangement which had an 18 month interest free period. Miss D says she asked her bank who was receiving the direct debit payments before she cancelled them. It told her who the recipient was – bank A. Miss D did not think she had an agreement with bank A. She cancelled the payment as she thought it was a fraudulent collection that had been set up from her account.

Miss D adds that when she realised that she should not have cancelled the direct debit, she asked her bank to set it up again. Miss D is unhappy that she was not told that the debt had been sold on.

my findings

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

Miss D entered into an agreement with NewDay which required her to make 36 monthly loan repayments of £13.73. The agreement was for 42 months. Miss D was not required to make payments for the first six months of the agreement.

I note that Miss D says that her bank cancelled the direct debit rather than her. As the adjudicator has explained, Miss D will have to raise a new complaint against it before we can consider any complaint she has against it.

From the correspondence between Miss A and her bank, it would appear that she cancelled the direct debit as she did not recognise the recipient – bank A. The loan agreement does however confirm that the loan is between her and bank A. As such, I consider that Miss D should have been reasonably aware that it was the correct recipient of her direct debit.

I am not persuaded that Miss D was not allowed or was not told by NewDay how she could make her loan repayments after she failed the security questions. The system notes record that she was advised to set up a new direct debit. Miss D also emailed NewDay in January 2014 confirming that she had been told to reactivate it. Further NewDay sent Miss D information confirming ways she could make her loan repayments, for example, by direct debit, online or by phone. As such, I am satisfied that NewDay gave appropriate advice to Miss D on how to make her loan repayments. I have not seen anything to suggest that it stopped her from making these. Further, other than the phone call to NewDay when she failed the security questions, it does not appear that Miss D took steps to pay off the money due under the loan.

NewDay was entitled to add late fees and interest in line with the terms of the loan when Miss D did not make the contractual payments that were due. I note that Miss D wishes to discuss the balance she owes with NewDay. I would urge her to contact the owner of the debt to discuss this. Miss D has queries over how her current balance has been calculated. This discussion should be able to clarify how the sum has been reached.

I appreciate that Miss D is very unhappy with the way her loan has been managed by NewDay. However for the reasons I have explained, I am unable to find that it has acted unreasonably or unfairly in its administration of it. NewDay was entitled to sell it on when the repayments due had been outstanding for some time.

my final decision

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I am required to ask Miss D to accept or reject my decision before 1 May 2015.

Rosemary Lloyd
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