

complaint

Mr O complains about the way NewDay Ltd trading as Aqua ("NewDay") dealt with his credit card account after he told them he was in financial difficulties.

background

On 12 June 2017 Mr O contacted NewDay and told them he was in financial difficulties. After going through his income and expenditure, an informal payment plan of £20 per month with the reduction of interest to 0% was agreed. It was also agreed this plan was reviewable in four months time. The account wasn't in arrears when the payment plan was agreed.

On 16 June 2017 NewDay sold Mr O's account to a third party who now own and manage the debt. The account hadn't been defaulted and the new owners honoured the payment plan agreed. Mr O was unhappy that NewDay had sold his account and complained.

NewDay didn't think they'd done anything wrong. They said the terms and conditions allowed them to sell the account to a third party. And, although they normally sell accounts which are in arrears for more than 120 days, occasionally they'll sell accounts sooner if they're on a payment plan. NewDay also said they aim to give customers in financial difficulties the best care so transfer such accounts to companies specialising in this field who have additional payment plans and options to offer to such customers. Mr O didn't think this was fair so he complained to us.

Our investigator found NewDay were entitled to sell the account but she didn't think NewDay were fair in the way they'd treated Mr O. She recommended that NewDay pay Mr O £250 compensation for the upset caused. She thought NewDay had failed in their responsibility to treat a customer in financial difficulties positively and sympathetically.

Mr O originally accepted the investigators suggested settlement but later withdrew his consent as he felt the compensation should be higher. NewDay didn't agree with the investigator. They asked for an ombudsman to review the investigators decision to award compensation as no errors were found in the sale of Mr O's account.

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 come to the same conclusion as the adjudicator and for the same reasons.

I've seen the terms and conditions and I'm satisfied NewDay were entitled to sell the debt to a third party. And I think NewDays *initial* response on 12 June 2017 was in keeping with their responsibility under the Lending Code to respond positively and sympathetically to a customer in financial difficulties. But I think the *subsequent* sale of Mr O's account - just 4 days after agreeing a payment plan - when the account wasn't in arrears and hadn't been defaulted - fell short of that responsibility. And I think that for a number of reasons.

Mr O anticipated his financial difficulties would only last for a short time. Given the account history there's nothing to suggest this wasn't the case and the difficulties were long term. Both parties agreed the arrangement was reviewable in four months time just a matter of days before the sale. And Mr O also wanted to continue using the account once he'd bought it up to date.

NewDay's letter of 12 June 2017 setting out the arrangement said they *may* decide to sell the debt but any purchaser would allow payment to continue *until further notice*. But within a matter of days both the decision to sell and the sale of the account were executed. I can appreciate why Mr O was concerned to learn of the sale so shortly after agreeing terms with NewDay. And that he'd have concerns not knowing, for certain, when the new owner would consider the account reviewable and what approach they would take to his situation when it was reviewed.

Overall I think the adjudicators recommended payment of £250 compensation for the distress and inconvenience Mr O's suffered is a fair and reasonable outcome. It's in line with what I would've awarded.

my final decision

My final decision is that I uphold this complaint. I require NewDay Ltd trading as Aqua to pay Mr O £250 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 28 December 2017.

Annabel O'Sullivan
ombudsman