

complaint

Miss M complains that NewDay Ltd has treated her unfairly because it didn't freeze interest and charges when she told it that she was having financial difficulties and was struggling to meet the monthly payments on her Marbles credit card

background

Miss M called NewDay to tell it that she wasn't able to work and was having difficulties in making her Marbles credit card repayments. She offered to pay £20 per week but is still being charged interest and fees, which is making her situation worse. She would like NewDay to agree a repayment plan, refund the interest and fees it has charged since she told it she was in difficulties and freeze interest.

The investigator thought Miss M's complaint should be upheld. She said that NewDay should have sent Miss M an income and expenditure form far sooner than it did to assess ways in which it could help. She said that NewDay should refund interest and charges on Miss M's account from when she first told it she was experiencing difficulties.

NewDay didn't agree. In summary, it said it helped by agreeing to an arrangement when Miss M first told it about her difficulties but, because Miss M hadn't provided any medical evidence, it couldn't suspend interest and charges. It offered to refund £48 in charges and pay £60 for not responding to her complaint.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

In cases of financial difficulty, lenders are required to treat their customers positively and sympathetically, but this only arises when a business becomes aware of the situation. And it doesn't necessarily mean that a bank must refund charges or freeze interest. It is entitled to make enquiries to check on the situation before making a decision.

I see Miss M was having some financial difficulties prior to April 2018 because her account was over its limit and she had some arrears. But I'm satisfied that she told NewDay, in April 2018, that she was having problems and she could only afford to make repayments of £20 per week.

NewDay agreed to her request to pay £20 per week for a period of four months. But because it was clear that Miss M was already having problems and she was now telling it about further difficulties, I think NewDay should have asked Miss M to complete an income and expenditure form, so that it could assess the best way to help her.

When the four month plan ended NewDay did ask Miss M to tell it about her income and monthly outgoings and she completed and returned the form with this information in early September 2018. This showed that, after normal living costs and meeting reduced payments to all her creditors, Miss M's normal monthly outgoings were more than her income.

During this time NewDay continued to charge interest and fees even though it had agreed to accept £20 per week. I accept that it did help her by agreeing to the reduced payments. I find it was also entitled to check on Miss M's financial position but it didn't do this. And by

continuing to charge interest and fees it made Miss M's situation worse because her repayments were just about covering the interest and not decreasing the debt.

NewDay stopped charging interest in August for three months. It isn't clear from its records why it did this. It didn't receive Miss M's income and expenditure schedule until early September. As I've explained above, this showed that Miss M didn't have enough money to make the repayments but still NewDay didn't offer any help. Instead it wrote to her in early October to ask for medical evidence and started to charge interest again in November.

Having carefully reviewed all that has happened I would have expected NewDay to do more sooner than it did to help Miss M. By not doing so, I don't consider it has treated her fairly, positively and sympathetically. It has already agreed to refund the fees applied since May 2018 totalling £48. I consider it should also refund the interest it charged in May through to December 2018 as well.

NewDay has accepted that it provided poor customer service by the delays it caused in replying to Miss M's emails. It has apologised and offered to pay £60 for this, which I'm satisfied is fair.

I understand that NewDay has now agreed a repayment plan and to freeze interest and charges for 12 months from January 2019.

my final decision

My final decision is that I uphold this complaint. I require NewDay Ltd to:

1. Refund all interest and charges debited to Miss M's account since 1 May 2018

and

2. Pay Miss M £60 for its poor service

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 11 April 2019.

Karen Wharton
ombudsman