

## **complaint**

Ms K complains that NewDay Ltd treated her unfairly by closing her credit card account and passing the associated debt to a collection agent without telling her.

## **background**

Ms K had a credit card with NewDay. She agreed a repayment plan for a reduced amount in February 2018 as she was struggling to meet her monthly payments, but she missed May 2018's payment. Ms K spoke to NewDay about it and says she was told to call back on 7 June 2018 to set up a new arrangement. She says that when she called back, she was told her account had been closed and passed to another business to collect the balance.

Ms K wasn't happy her account had been closed, so she complained to NewDay. It told Ms K it had passed her account to a collection agent in line with the terms and conditions of her account. It also said it had written to Ms K in March 2018 warning her that her account could be passed to a third party. Ms K wasn't happy with that response, so she raised a complaint with this service.

Our investigator accepted NewDay was allowed to pass Ms K's account to a third party, but she thought it hadn't been clear with Ms K about what was happening. She said NewDay should pay Ms K £100 compensation for the trouble and upset caused.

NewDay said it would pay Ms K £50, as it thought £100 was too much. Ms K remained unhappy that it hadn't told her that her account had been closed. She said she could've borrowed money from friends or family to make the payments and keep the account open. She asked for her account to be reactivated rather than to be given compensation.

The case has been passed to me to review.

## **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 conclusions as our investigator for broadly the same reasons. I'll explain why.

It's understandable that Ms K is frustrated her account was closed and passed to a collection agent. But like our investigator, I accept that the terms and conditions of Ms K's account allowed NewDay to do this.

Having said this, I don't agree that it went about it in a reasonable way, or gave Ms K a level of service which could be reasonably expected.

NewDay's records show that Ms K had contacted it about her difficulty in making payments in January 2018, and a payment arrangement was set up to run for six months from February 2018. However, NewDay wrote to Ms K in March 2018 to say it would close her account if she didn't pay the outstanding arrears immediately. I accept this was contradictory and would have been confusing for Ms K.

I've listened to the call Ms K subsequently had with NewDay when she missed May's payment. During the call NewDay told Ms K that she'd broken her payment arrangement, but it also suggested she'd be able to either reinstate it, or set up a new one if she called back at a later date. Given that NewDay subsequently chose to exercise its right to pass the account on to a third party to collect the outstanding balance, I think this was misleading, and I can see why Ms K was shocked and displeased.

I don't, however, agree that that NewDay should reopen Ms K's account. Ms K's account terms and conditions say that NewDay can close her account immediately if she misses payments. Ms K missed a payment at which point her account had been in arrears for a number of months. I don't think it was unfair, or unusual in the circumstances, for NewDay to close Ms K's account at this point.

Additionally, and significantly, I also think that Ms K made it clear in the call she had with NewDay that she wasn't in a position to make the payment she was required to in May 2018. So I don't accept that she would've made payment to keep the account open if she'd known NewDay's intentions.

While I recognise that Ms K has said she doesn't want to be compensated, I think making an award is appropriate given the trouble and upset NewDay caused her. I've considered the impact NewDay's failings have had on Ms K and I think £100 compensation is fair and reasonable in the circumstances.

### **my final decision**

For the reasons explained above, my final decision is that NewDay Ltd needs to pay Ms K £100 compensation for the trouble and upset it caused her.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms K to accept or reject my decision before 7 June 2019.

Stephen Trapp  
**ombudsman**