

Complaint

Mrs L complains about the way NewDay Ltd closed down her credit card.

Background

The background to this complaint and my initial conclusions were set out in my provisional decision dated 24 December 2019. In my provisional decision I explained why I thought Mrs L's complaint should be upheld and what NewDay should do to put things right. I invited both parties to provide any additional comments or information they wanted me to consider before I made my final decision.

NewDay responded to say it accepts my provisional decision. Mrs L responded to say that she was pleased that I agreed her complaint should be upheld but felt the level of compensation was too low and didn't reflect the trouble and upset caused by the situation.

My findings

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

Mrs L has told us she feels the £50 awarded is too low. I appreciate the situation went on for some time. But once Mrs L contacted NewDay after she received its letter in September 2018 the situation was resolved in good time. NewDay didn't report any information about what happened to the credit reference agencies and didn't charge Mrs L a late payment fee.

I've considered everything Mrs L has told us about how the issues raised impacted her. Having done so, I remain of the view that £50 is fair in all the circumstances. I'm sorry to disappoint Mrs L but I haven't been persuaded to increase the award as set out in my provisional decision.

My final decision

My decision is that I uphold this complaint and direct NewDay Ltd to pay Mrs L £50.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs L to accept or reject my decision before 28 March 2020.

Marco Manente
Ombudsman

Copy Provisional Decision dated 24 December 2019

Complaint

Mrs L complains about the way NewDay Ltd closed down her credit card.

Background

Mrs L opened a credit card with NewDay but decided she wanted to close it a short time later. Mrs L paid £3.38 online via debit card. She then called NewDay on 20 July 2018 to close her account.

During the call, Mrs L said she'd repaid £3.38 which the online system said was outstanding and wanted to be sure that was all she needed to pay. Mrs L said she thought there was around £7 left to pay. The advisor confirmed the payment of £3.38 was all Mrs L needed to pay and said her account would be closed down.

On 6 September 2018 NewDay wrote to Mrs L as there was an outstanding balance of £4.24. The letter said a late payment fee of £12 had been charged and that NewDay had informed the credit reference agencies that Mrs L had missed a payment.

Mrs L complained and went on to refer the issue to our service. An adjudicator looked at what had happened and accepted that NewDay could have handled the call on 20 July 2018 better but didn't uphold Mrs L's complaint. Mrs L didn't accept so her complaint has been passed to me to make a decision.

My provisional 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 a different decision to the adjudicator.

NewDay says a payment of £4.24 was made on 19 July 2019, the day before Mrs L repaid the outstanding balance and tried to close her account. As a result, it wasn't showing on NewDay's payment systems when Mrs L called to close her account. NewDay also said that if Mrs L had been registered to look at her statements online she would have seen the transaction debit her account.

Whilst both those points may be correct, I think the advisor missed an opportunity to warn Mrs L about payments that might not have been claimed by the merchant.

During the call, Mrs L said she'd paid £3.38 and wanted to check whether that was all she needed to pay. The call handler confirmed that it was and that she would close the credit card down. Mrs L said she was expecting the balance to be a bit higher (it turns out the £4.24 payment hadn't yet been claimed). The call handler could have warned Mrs L about the risk of unclaimed payments being claimed after the account was closed. She could also have advised Mrs L to check her statements to ensure the full balance was repaid. But no information about unclaimed transactions was provided. Given Mrs L said she'd expected the balance to be slightly higher and that she wanted to check she'd paid everything, I think that's something NewDay should have mentioned.

I take NewDay's point that Mrs L could have registered to review online statements but I can understand why she didn't that step. The credit card was only open for a short time and Mrs L had repaid everything NewDay's systems and call handler said was outstanding. There was no advice to check the statements in the short term to ensure any unclaimed transactions had gone through. I'm not persuaded that it's reasonable to have expected Mrs L to continue to monitor an account she was told had been closed.

Had NewDay told Mrs L to continue to check her account I'm satisfied she would have taken that step and paid back the outstanding balance much sooner.

I'm pleased NewDay chose not to inform the credit reference agencies about the late payment and didn't charge Mrs L. But I can see this situation was upsetting for Mrs L. She told NewDay she was applying for a mortgage when she called on 20 July 2018. So I can understand why a concern over adverse credit would be particularly worrying. Mrs L has told us that she felt threatened by the tone of NewDay's letters and thought its decision to charge her and report the late payment had already been made. I think the service provided should have been better and I'm satisfied the situation has caused Mrs L some trouble and upset. I think the fairest way to resolve this case is for NewDay to pay Mrs L £50, which fairly reflects the impact of the situation on her.

My provisional decision

My decision is that I uphold this complaint and direct NewDay Ltd to pay Mrs L £50.

Mrs L and NewDay have until 24 January 2020 to send me any additional comments or information they would like me to consider before I make my final decision.

Marco Manente
Ombudsman