

complaint

Ms E has complained NewDay Ltd allowed a payment to be debited from her closed credit card account.

background

Ms E was in arrears on her Debenhams credit card, run by NewDay. Her account had been suspended and she wasn't able to use it. In June 2015 Ms E phoned to pay everything she owed. Five months later NewDay allowed a payment of £79.99 to be debited to her account. Ms E was surprised as she'd been told her account was closed.

NewDay told her to get a refund from the insurance company who'd got the payment. Ms E ended up getting this payment back – along with previous payments – as she felt she'd not agreed to these. She tried to pay NewDay the £79.99. By that stage they'd charged her interest and fees which Ms E didn't think was fair. Ms E brought her complaint to the ombudsman service.

Our adjudicator felt NewDay hadn't been able to show they'd told Ms E her account wasn't closed. She felt it was fair for NewDay to allow Ms E to pay off the £79.99. They should then write off all other charges and make sure there was no negative data relating to this transaction on Ms E's credit record.

NewDay didn't think this was fair. They asked an ombudsman to review Ms E's 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.

It's worth stating straightaway that I agree with our adjudicator's conclusions and for roughly the same reasons. Like her I can't see NewDay has been able to show what was discussed with Ms E when she paid off her arrears in June 2015. Since up to that time her account had been suspended and she was now paying off what was owed, I've no reason to doubt Ms E's recollection being told the account was closed and she couldn't use her card anymore. Nor did she.

I appreciate NewDay's position. They didn't have much choice but to accept the debit to Ms E's account. To all intents and purposes Ms E had set up this regular payment arrangement. Generally when a credit card account is closed the customer will be sent a letter advising them to make sure no payment arrangements still exist. Or to make arrangements to cancel them. There is no evidence NewDay sent any post-closure correspondence to Ms E.

However as I've already stated I think it's fair to believe Ms E was under the impression her account was closed. I think all her actions after that date are consistent with her thinking this.

I agree NewDay can ask Ms E to repay the £79.99. After all she got the money back from the insurance company so it's only fair she pays what she owes to NewDay. However NewDay will need to remove all other interest and charges from her account and make sure negative data – relating to this transaction – is removed from her credit record. I suspect they'll also now want to make sure Ms E's account is properly closed.

my final decision

For the reasons I've given, my final decision is to instruct NewDay Ltd to do the following to put things right:

- Write-off all the interest and charges added to Ms E's credit card account relating to the £79.99 payment;
- Allow Ms E to pay them £79.99; and
- Make sure no negative data is left on her credit record relating to this transaction.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms E to accept or reject my decision before 9 March 2017.

Sandra Quinn
ombudsman