

Complaint

Mr S complains that NewDay Ltd pursued him for a debt he says he didn't recognise and then failed to explain what it was for.

Background

In May 2017 an application was made in Mr S's name for an Amazon credit card. The Amazon credit card is issued and administered by NewDay Ltd. A card was issued and in July 2017 used for a £28.88 purchase. That purchase appeared on a statement issued in August 2017 and the minimum payment was due by 7 September. No payment was made and NewDay contacted Mr S by telephone and by letter seeking payment. A £12 late payment fee and interest were then added to the account each month.

The account was passed to a debt collection business in March 2018, and Mr S paid the purchase amount of £28.88 shortly afterwards. He hasn't paid the interest and fees that have accrued on the account, however.

Mr S opened a further Amazon credit card in August 2017. Spending on that account has been paid in full, and there's no dispute arising from it; I mention it only as background.

Mr S said he didn't recognise the first account, and NewDay couldn't tell him how the spending arose. NewDay wouldn't send copy statements in a way that would enable him to identify this.

Mr S complained to NewDay about the way he'd been treated. NewDay said it was upholding his complaint and paid him £10 in recognition of that. Mr S remained dissatisfied, however, and referred the matter to this service.

Our investigator looked into things. She concluded however that it was more likely than not that Mr S had opened the account and used it for the purchase in July 2017. When no payment was made, NewDay was entitled to add interest and charges to the account and to notify credit reference agencies about the missed payments.

Mr S accepted that he probably had opened two accounts but forgotten about one of them. But, he said, that was only part of his complaint. He remained unhappy that NewDay hadn't been able to help him find out what the debt was for and that it hadn't sent statements. He also pointed out that NewDay had accepted it was at fault. He asked that an ombudsman review the matter.

My findings

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

Since Mr S accepts that he probably did open the first account but had overlooked it, I don't need to discuss that issue any further. I can see why he might have suggested fraud as a possible explanation, but can see too that he now agrees this was not a case of fraud.

Mr S says that NewDay should have been able to help him identify what the payment for £28.88 was for. But the August 2017 statement records only a payment to Amazon. It seems to me, therefore, that Mr S was better placed than NewDay to find out that information – through his Amazon account. In addition, NewDay has provided evidence that it did send

email reminders to Mr S telling him that statements were available to view through online account registration. During a call in September 2017 Mr S was told what he needed to do in order to view his account statements online. I believe therefore that NewDay did what it could to help Mr S identify the payment and arrange payment.

I turn therefore to NewDay's handling of Mr S's complaint. In April 2018 it wrote to him and included in its letter: *"... we have upheld your complaint due to inconvenience caused to you. In addition, as a gesture of goodwill, we have credited £10 to your account for the inconvenience caused due to this matter ..."*

A payment of £10 fell some way short of what Mr S had been seeking. To that extent, NewDay didn't really *uphold* his complaint, and I think NewDay might have explained that more clearly. It was upholding the complaint only in the sense that it acknowledged it had done *something* wrong – namely, its handling of one telephone call and delays in sending paper statements. But its primary finding was that it was entitled to payment. But, whilst I think that NewDay could have been clearer about what it meant here, it didn't suggest that it was intending to write off the debt or do anything other than credit the account with £10.

Mr S has also disputed NewDay's right to apply charges and interest. But I agree with our investigator on this point. They appear to have been applied in line with the account terms and are not excessive. Mr S may be able to negotiate a reduction in the amount he needs to pay, but he'll need to take that up with the current owner of the debt. There also does not appear to be any reason why NewDay shouldn't notify credit reference agencies about the account.

My final decision

My final decision is that I don't require NewDay Ltd to do anything more to resolve Mr S's complaint. Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 4 October 2019.

Michael Ingram
Ombudsman