

complaint

Mr G complains that NewDay Ltd has wrongly recorded a default on his credit file.

background

Mr G offered to make a full and final settlement in respect of the outstanding balance on his credit card in September 2014, which was accepted. Mr G says he was not told that because he had not paid in full, a default would be entered on his credit record, and he wants it removed. Mr G had subsequently applied for a mortgage and been refused because NewDay had recorded a default.

NewDay has provided a recording of a telephone call its employee had with Mr G on 10 October 2014. Our adjudicator found that the information given to Mr G could have been clearer, but that he was told that the remaining balance would show as unpaid on his credit file, and would affect his ability to obtain credit. He recommended that NewDay offer £50 in compensation for poor service, which it did. Mr G asked for an ombudsman to review his 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 September 2014 Mr G contacted NewDay offering to pay £800 in full and final settlement of his account. On 8 October 2014 NewDay responded by letter to confirm it accepted. Its letter advised him that it would record a default in respect of the remaining balance. But Mr G says that he did not receive this.

Mr G then telephoned NewDay on 10 October 2014, to ask if his offer was accepted. Having reviewed the call, I find that the information provided to Mr G then could have been clearer. The advisor did not expressly say that partial settlement would result in a default being registered. But the advisor did tell Mr G about the adverse consequences for him; that the amount outstanding would show as an unpaid amount on his credit file and might affect Mr G's ability to obtain credit in the future.

I find that Mr G was adequately informed of the consequences of partial settlement, including that it would affect his ability to obtain credit in the future. NewDay was entitled to register the default, and therefore I can't order its removal. I agree with the adjudicator that NewDay's offer of compensation of £50 fairly and reasonably addresses the poor service part of this complaint.

my final decision

I uphold this complaint in part only and I order NewDay Ltd to pay £50 to Mr G in compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 31 May 2016.

Janine Allen
ombudsman