

## **complaint**

Ms A complains that NewDay Ltd (the business) gave her inconsistent advice about the impact of a payment arrangement on her credit file. She says she would have acted differently if she had been provided with the correct information throughout.

## **background**

Ms A fell into financial difficulties in October 2016. She says she was offered a payment holiday and then asked for a week extension to this. She says the extension was agreed but her account was still sent to the business' recovery unit. Ms A says her account was back on track in February 2017.

In August 2017, Ms A says she contacted the business and was told that a payment plan would not have a negative impact on her credit file. She says that given this information she should have been offered a payment plan in October 2016 as she had paid a lot of interest and had adverse information recorded on her credit file during that period.

Ms A says she has been provided with inconsistent information and poor service.

The business says that there are different approaches for dealing with different situations when a customer says they are in financial difficulties. It says that if a customer is experiencing short term difficulties it offers a certain approach in regard to repayment and interest and charges. It says that this is not considered a payment plan and is not entered on the customer's credit file but that the monthly arrears are. If a customer is in long term difficulties and cannot afford the minimum monthly repayment or is working with a debt management company a payment plan can be agreed which is less than the minimum monthly repayment. It says this is recorded on the customer's credit file as a payment plan and that it continues to report the arrears until the account is sold or goes into default.

The business says that on the call on 8 August, Ms A was told the words payment plan would not appear on her credit file but the account arrears would be registered. It says that the advice given was correct and that it was Ms A's decision as to whether to enter into the payment plan.

The business says that Ms A has been in arrears for an extended period of time and that it has provided information about free debt advice with her statements. It says Ms A was aware of the different payment plans and the impact on her credit file and that she chose not to set up a plan in October 2016.

Our investigator initially did not recommend that this complaint be upheld. However, following further contact from Ms A she said that Ms A had been provided with incorrect advice on the call on 8 August and so did not have the information she needed to make an informed decision at that time. She had that had the correct information been provided Ms A might have made alternative arrangements to cover her payments. Because of this she recommended that the business pay Ms A £100 compensation. Ms A accepted this, the business did not.

The business said that Ms A's account has been in arrears for an extended time and that negative information was correctly recorded on her credit file. It did not think that any misinformation given in August 2017 would have changed the previous negative credit file entries and said that negative entries would not be avoided while the account was in arrears.

### **my provisional conclusions**

I issued a provisional decision on this case saying that it did not intend to uphold this complaint. My provisional decision concluded in summary:

- Ms A discussed her financial situation with the business in October 2016 saying that it was temporary and she was expecting a payment from her job which would enable her to repay her account;
- there is no prescribed action that the business is required to take when told of financial difficulties. The business offered Ms A a 60 day payment holiday during which interest and charges were frozen. Based on the information Ms A had provided about her situation I considered this a reasonable offer of assistance;
- following contact in January 2017, the business froze the interest and charges for a further two weeks as Ms A again said she was expecting a lump sum payment. I found this reasonable;
- Ms A said she should have been offered payment plan in October 2016 but I found that the actions taken in October 2016 were reasonable;
- the call recording from 8 August was not available but the business' call notes from the time said Ms A was told that the arrangement wouldn't have an impact on her credit file but that being behind with payments could;
- I accepted that Ms A may not have been clear on how her credit file would be affected but noted that she was told that being behind on payments could affect her credit file. Given this I did not find that I had enough to say the business had done anything wrong;
- the information recorded provided a true reflection of Ms A's account so I did not find that the business was required to remove this;
- our investigator recommended that Ms A be paid £100 for not being provided with the correct information on the call in August. However, I did not find that I could say this was the case and therefore I do not uphold this complaint.

The business accepted my provisional decision, Ms A did not.

Ms A said that the information on her credit file should be revised. She said it was against the regulations for incorrect information to be given to consumers and that no-one could assume the right choice for her but instead she needed to be provided with correct information so she could make an informed decision. She said that she was not given the right information on several occasions and only found this out after deciding on the payment arrangement. She said the business had acknowledged she wasn't given the right information.

Ms A also said she had received a default notice and discussed this with our investigator who explained that as Ms A was not making her contractual payments her account could still go into default.

### **my findings**

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

I can understand why Ms A is upset by the information that has been recorded on her credit file. I also appreciate this was not what she had expected. It is not our role to punish a business but where a mistake has been made it is our role to put the consumer back in the position they would have been in had the mistake not occurred. In this case, as I set out in my provisional decision, I did not find that I had enough evidence to say that the business had done anything wrong.

I note the additional information Ms A has provided in response to my provisional decision. However I do not find that this changes my decision. I understand this is disappointing for Ms A and that she feels her credit file should be revised but based on the evidence I have seen I do not uphold this complaint.

### **my final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms A to accept or reject my decision before 21 May 2018.

Jane Archer  
**ombudsman**