

complaint

Mrs F complains that NewDay Ltd has misplaced the payments she made to it under an agreed payment plan and that it sold her account to a debt collection agency while the matter was unresolved.

background

Mrs F agreed a reduced payment plan with NewDay. But it says it has not received any of the payments Mrs F says she has made.

The adjudicator recommended that the complaint should be upheld. She concluded that Mrs F made payments to the correct account and that NewDay should amend the account balance, taking into account any fees and interest. She thought NewDay should apologise and pay Mrs F £50 for the distress and inconvenience caused.

NewDay responded to say, in summary, that the payments were made to the wrong account and were likely to be held in the paying bank's holding account.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. Having done so, I find that I have come to the same conclusion as the adjudicator for much the same reasons.

NewDay says the payments were made to the wrong account and would have been returned. But Mrs F's bank has provided evidence to this service that payments were made to the correct account and were not returned. Mrs F's account has certainly been debited and it seems unfair to me that she should be asked to make these payments again when it seems NewDay is in dispute with the paying bank as to what happened to these payments. I conclude it should adjust the balance of the account as if it had received the agreed payments.

I think it could have resolved this matter earlier than it did, particularly in view of the small amount involved, and it should pay Mrs F compensation for the distress and inconvenience it has caused. I consider £50 to be reasonable in the circumstances.

When NewDay thought Mrs F had not maintained the payments as agreed, it sold her account to a debt collection agency. I don't think this was unreasonable given the circumstances.

my final decision

For the reasons I have explained, my decision is that NewDay Ltd should:

1. Amend the balance on the account as if the payments due from 2 July 2014 to 2 February 2015 (excluding January 2015) were credited to the account. Any fees and interest arising because the payments were not applied to the account should also be refunded and the balance adjusted accordingly. The account has now been sold to a debt collection agency, so NewDay will need to correspond with it at necessary.
2. Amend Mrs F's credit file to reflect the payments she made.

3. Apologise to Mrs F and pay her £50 for the trouble and upset it has caused. This should be paid direct to Mrs F.

Under the rules of the Financial Ombudsman Service, I am required to ask Mrs F to accept or reject my decision before 15 July 2015.

Elizabeth Dawes
ombudsman