

## **complaint**

Mr M complains NewDay Ltd has been asking others to try and recover a debt he believes he'd already paid off.

## **background**

Mr M says he took out a store card in the 1990s and made regular payments towards it. He says that the direct debit used to pay the card was mistakenly cancelled in late 2012. He says six months later he received a letter from a company saying his account had been defaulted and he owed over £1,200. He says he questioned this and was told an investigation would be done. He says he didn't receive a satisfactory response and has dealt with a number of businesses since then. One of those businesses includes NewDay who now own the debt. Mr M complained to us about NewDay and the other businesses involved.

Our adjudicator didn't recommend that this complaint be upheld as she didn't feel the balance NewDay said it was owed was wrong. Mr M asked for a decision from an ombudsman. He said he wanted an ombudsman to take into account the other linked complaints he has with us.

## **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 accept that Mr M has been dealing with a number of businesses in relation to this debt. He's been told that the balance outstanding is just over £550 as a result of refund of just over £700 in charges and interest. The business that is currently trying to recover the debt has also offered Mr M a 15% discount as a goodwill gesture – meaning he could clear the account with a payment of just over £450.

Our adjudicator asked NewDay to send evidence showing that Mr M owed the balance it was claiming. Specifically she asked for evidence to show what had happened to the balance between 2004 and 2012. NewDay said that it didn't have this information. I also asked for this information as I believed it would help Mr M understand why his balance was higher than he thought it would be or show that the debt was lower or paid off as he claimed. NewDay said once again that it didn't have this information.

I can see that the balance on Mr M's account was £750 in August 2004. He says he hasn't used his card since then and between August 2004 and 2012 he had a direct debit in place paying the minimum payment each month. I accept this and can understand why, without further explanation, Mr M would have genuinely believed he'd paid the balance off – he was, after all, making payments for eight years and not using the card. I can, however, see that the balance was reducing very slowly because Mr M was not only paying just minimum payment but was also paying card insurance each month. In August 2004 he paid £32 towards the outstanding balance – but once interest and insurance are taken into account this meant his balance reduced by just over £3. In other words, although NewDay never explained this to Mr M, I think it is highly likely that despite making payments for over eight years the outstanding balance on Mr M's card was around £500 in 2012.

Had NewDay explained to Mr M why the outstanding balance had dropped so little in eight years (in the way I just have), I believe he would have understood why his card hadn't been

paid off and a lot of unnecessary distress would have been avoided. I've already explained this to NewDay and said that it should pay Mr M £250 in compensation in addition to the refund it has already agreed. NewDay didn't agree with me, but that's the award I'm going to make.

### **my final decision**

My final decision is that I require NewDay Ltd to pay Mr M £250 in compensation for the unnecessary distress it has caused him. This is on the basis that NewDay has reduced the outstanding balance to £550 and the business that is collecting the debt has offered a further 15% discount meaning the debt can be cleared with a payment of just over £450.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 13 November 2015.

Nicolas Atkinson  
**ombudsman**