

complaint

Mr W complains about the way that NewDay Ltd dealt with him and the problems he was experiencing.

background

Mr W has a balance on a credit card provided by NewDay. And when he missed making some of the required monthly payments to it, he was charged fees and interest. The balance on his account went into arrears and he went over his credit limit.

Mr W told NewDay about his difficulties with his mental health. It put on stop on the charges being applied and sent him some medical information to complete and return so that it could take this into account. But he didn't return the information and then told NewDay he no longer needed its help. This meant the charges were reinstated.

Mr W then contacted NewDay to say that these charges were causing him financial hardship. It placed a further stop on them and sent him a financial statement to complete. But the charges were reinstated again when he didn't return this.

NewDay agreed to set up a payment plan for Mr W of £1 a month. However, as he didn't make any payments towards this plan, NewDay made the decision to pass his account onto a debt collections agency.

Through this time Mr W made a number of complaints about NewDay's actions. He felt it had agreed the interest and charges on his account would be frozen and that he wouldn't receive any contact about the debt, but this still happened. He thought NewDay had caused him stress and made the situation unmanageable. Mr W felt NewDay had shown a lack of empathy and he wanted compensation and an apology

One of our investigators looked at Mr W's complaint. Although she empathised greatly with him she couldn't find that NewDay had done anything wrong in relation to how his account was handled. She said it was entitled to look into the reasons why a debt isn't being repaid. NewDay froze the charges while waiting for Mr W to provide information about his medical circumstances and finances, and the investigator didn't think this was unreasonable as it was so it could determine the best course of action for Mr W's situation.

Although she could appreciate why Mr W found communications from NewDay to be stressful, it had contacted after the £1 repayment plan had been agreed to ask why no payments had been made. And the investigator said regulatory collection notices were sent to Mr W which is a requirement to give notice of when an account is in default or arrears. It had passed Mr W's account onto a debt collections agency when he made no payments towards the outstanding debt.

Mr W didn't accept the investigator's findings. He said NewDay made mistakes which were to his detriment. It was aware the situation was causing him stress and making things unmanageable. He was given a verbal agreement that the charges and interest on his account would be put on hold and it wouldn't contact him about the debt, but this didn't happen.

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've taken into account all that Mr W has told us about his difficult situation and his vulnerable position, and I've listened to the relevant call recordings where he spoke to NewDay about his credit card account. I am sorry for all that Mr W has experienced. I do appreciate the upset he feels and how this has impacted on his mental health.

Looking at the actions NewDay has taken, I don't think it has acted unfairly, unreasonably or with a lack of sympathy.

I say this because it has looked to suspend the interest and charges applying to his credit card balance for periods of time, and sent him requests for information about his medical condition, and then his financial position to allow it to take these into account and look to assist him. I think it was reasonable that it then reinstated the charges and interest when it didn't receive a reply from Mr W.

I know that Mr W feels that he carried on receiving contact when he'd asked for no communication from NewDay because of how this affected him. Having looked at the records, it seems that Mr W was called after the payment plan of £1 a month was agreed. This was because no payments had been made and I think it was reasonable that NewDay should want to discuss this with him.

I can see that Mr W made complaints about the time it took to set up a complaint; the contact he was receiving and the interest being applied. NewDay apologised if information about why the charges would continue wasn't made clear and where he was kept waiting to set up a complaint over the phone. And it has applied credits to his balance by refunding fees and interest applied in August 2017, and payments totalling £30 as a gesture of goodwill.

Mr W's account has now been passed to the debt collection agency, which NewDay reserves the right to do when a credit agreement isn't met. Overall, I don't think NewDay should be required to do anything further to resolve Mr W's complaint.

I can only suggest that Mr W looks to contact the agency to look to arrange a mutually agreeable repayment plan. I know the investigator has given him the details of some organisations that may be able to give him any help, support or advice he might need.

my final decision

My decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 16 December 2018.

Cathy Bovan
ombudsman