

## The complaint

Miss J complains that NewDay Ltd, who I'll call NewDay, were unreasonable to report a missed payment to the credit reference agencies while she was on a payment holiday.

## What happened

In March 2023 NewDay wrote to Miss J to advise her that she'd missed a payment on her credit card account. They explained that if the payment wasn't made they would report it as *missed* to the Credit Reference Agencies (CRA's).

A few days later NewDay approved a three month payment holiday for Miss J.

Miss J was disappointed to subsequently find that NewDay reported that missed payment to the CRA's while she was on the payment holiday. She complained to NewDay. They agreed that they failed to write to her to explain the terms of her payment holiday and if they had it would have been clearer that existing missed payments would continue to be reported. They offered Miss J £90 in compensation for the distress and inconvenience caused but they explained that they couldn't remove the credit report as it was an accurate reflection of what had happened.

Miss J referred her complaint to this Service. Our investigator didn't think NewDay's communication had been clear, and it was her view that NewDay should remove the adverse credit reports and pay an additional £60 in compensation.

NewDay didn't agree with the investigator's opinion, and they asked for a decision by an ombudsman.

## What I've decided – and why

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

I know it will disappoint NewDay, but I agree with the investigator's opinion. I'll explain why.

Where the information I've got is incomplete, unclear, or contradictory, as some of it is here I have to base my decision on the balance of probabilities.

I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point it's not because I've failed to take it on board and think about it but because I don't think I need to comment on it in order to reach what I think is the right outcome.

NewDay have an obligation to report accurate information about account performance to the CRA's. Ordinarily, while the payment holiday itself wouldn't be reported, any pre-existing arrears would. And that's what NewDay reported. They told the CRA's that Miss J was one payment in arrears throughout the payment holiday and until she brought the account back up to date.

But I think there were extenuating circumstances here as:

- NewDay failed to send correspondence to Miss J that they have admitted they would usually send. That would have explained the terms of her payment holiday and set out what would be reported to her credit file.
- Miss J had received an email from them that asked her if she wanted to take a payment holiday. That email explained that there would be “*no additional impact on your credit score*”. I think, in the absence of the letter setting out the terms of the payment holiday, that this email was misleading. It didn’t explain what the *current* impact was on Miss J’s credit score and, as the missed payment hadn’t yet been registered with the CRA’s, I can understand why Miss J believed it wouldn’t be if she entered into the payment holiday.
- NewDay explained in their final response to Miss J that they had noted their online services didn’t mention how her credit file could be affected while she was on a payment holiday. They’ve subsequently suggested that they did. But they have not provided this Service with evidence that was the case when the payment break was agreed. On balance, I can’t see why NewDay would suggest the information wasn’t online at the time if it was and I’m, therefore, persuaded that Miss J didn’t have anywhere else to go where she would have been able to gather accurate information about what would be reported if she took the payment holiday.

It’s for those reasons that I don’t think NewDay were reasonable to continue to report the missed payment. They should remove any record of it from Miss J’s credit file. I think the distress and inconvenience caused is more extensive as a result. Miss J has had to wait longer for the matter to be resolved and will have been distressed that the marker remained on her file: although I’m aware there were other markers which I think will have been likely to mean she wouldn’t have found credit any more difficult to obtain. In the circumstances, I think NewDay should pay Miss J £150 in compensation less anything they may already have paid.

### **My final decision**

For the reasons I’ve given above, I uphold this complaint and tell NewDay Ltd to remove the missed payment marker from Miss J’s file and pay her £150 to compensate her for the distress and inconvenience caused. NewDay can deduct any compensation they may have already paid Miss J in relation to this issue.

Under the rules of the Financial Ombudsman Service, I’m required to ask Miss J to accept or reject my decision before 20 June 2024.

Phillip McMahon  
**Ombudsman**