

The complaint

The estate of Ms A complains that NewDay Ltd (trading as Aqua) hasn't paid cashback accrued on a credit card.

What happened

The late Ms A had an Aqua credit card that earned 0.5% cashback on certain transactions. On 27 December 2018 Mr A, Ms A's son, called Aqua to notify it she had passed away. On the same day, Aqua collected a direct debit payment of £112.55 which cleared the outstanding balance. Aqua asked Mr A to send a copy of the death certificate.

The death certificate was received by Aqua on 6 February 2019 and it took steps to close the credit card.

Mr A later complained on behalf of the estate of Ms A and asked Aqua to pay the cashback that had accrued. Aqua responded on 11 June 2019 but failed to address the concerns raised about the cashback payment.

Mr A went on to refer the complaint to our service and it was passed to an investigator. Within its complaint submission to our service, Aqua apologised that its final response dated 11 June 2019 didn't deal with the cashback issues and offered the estate of Ms A £50. The investigator upheld the complaint and said it wasn't clear that the cashback amount had been forfeited as the credit card was closed before the anniversary. Aqua didn't accept and asked to appeal so this complaint has been passed to me to make a decision.

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.

In its file submission to our service Aqua explained that it hadn't dealt with the estate of Ms A's complaint reasonably as its final response didn't address issues relating to cashback and offered £50. I now need to decide whether the investigator's recommendation that the cashback amount is paid is reasonable.

In response to the investigator's view, Aqua said that the cashback had no value until the redemption date. Aqua said its terms and conditions had been signed off by its legal, risk and business change teams and are clear in explaining how the cashback process works.

We look at complaints on an individual basis, so I've focused on how the terms have impacted the estate of Ms A's credit card account. In its email dated 24 August 2019 Aqua said that any cashback the late Ms A accumulated was forfeit as the account was closed before the redemption date. But the terms make no reference to a redemption date.

I think the redemption date the case handler refers to is the account anniversary. Whilst I note the case handler's comments, the terms don't say that cashback accrued on the late Ms A's credit card would be forfeit if the account was closed before the anniversary (or redemption date).

The terms say cashback accrued will be paid annually, either by crediting the account or by sending a cheque. The terms go on to say:

If you tell us you want to close your account, you will not earn any cashback from that point onwards. Cashback already accrued will be paid as above, provided you continue to pay at least your contractual minimum repayments on time and do not exceed your credit limit.

I agree with the investigator that the terms for the late Ms A's credit card don't say cashback accrued would be lost when her credit card was closed. In addition, no further payments were due after Mr A notified Aqua of the death of Ms A because the payment it collected on 27 December 2018 cleared the outstanding balance. I haven't seen anything that shows there were any missed or late repayments on the late Ms A's credit card.

In its file submission Aqua said the cashback would have paid once it had produced the March 2019 statement. But it closed the account the month before after receiving the death certificate. If Mr A had been aware of the requirement to wait until March 2019 to receive the cashback on behalf of Ms A's estate I think he would've delayed closing the account in order to qualify.

I think the fairest approach is for Aqua to pay the estate of Ms A the value of the cashback accrued.

I recently asked the investigator to contact both parties and clarify that Aqua's terms say any cashback will be rounded down to the nearest £5. That means the cashback of £14.65 accrued would lead to a £10 payment.

Putting things right

Aqua has offered the estate of Ms A £50 because of the service it provided when dealing with the complaint. I think that's a reasonable approach and a fair level of compensation, so I'm not telling it to increase that part of the settlement.

As I've said above, I think the fairest approach in this case is for Aqua to pay the estate of Ms A £10 to cover the cashback accrued on the credit card account.

My final decision

My decision is that I uphold this complaint and direct NewDay Ltd to pay the estate of Ms A a total of £60 less any compensation already paid.

Under the rules of the Financial Ombudsman Service, I'm required to ask the estate of Ms A to accept or reject my decision before 21 May 2020.

Marco Manente
Ombudsman