

The complaint

Mr H complains that NewDay Ltd didn't correctly process his payment for a holiday and as a result the loyalty points he'd accrued on his card weren't redeemed against the purchase price. He'd like NewDay Ltd to pay him the monetary value of the points he'd accrued.

What happened

Mr H had a Tui credit issued through NewDay. One of the features of this card was that it offered rewards points when it was used for certain transactions and these reward points could then be used against "qualifying purchases" from Tui.

In July 2020 NewDay wrote to all its Tui cardholders, including Mr H, to say that the credit card would be closing from 14 August. Customers who had more than 2,500 points at that time could redeem them up to 14 September but after that they couldn't be used. Mr H had accrued 10,842 points at this time.

On 12 September 2020 Mr H made a holiday booking for £250 using his Tui credit card. The payment was made via Mr H's PayPal account linked to his card.

Mr H says he'd expected his points to be credited against his purchase but they weren't. And when he complained to NewDay, he was told that the transaction hadn't been a qualifying transaction so the points hadn't been redeemed. It said it wasn't able to change this but it offered Mr H £25 for the inconvenience.

Mr H remained unhappy and brought his complaint to this service. He felt the way this had been dealt with was unfair. He'd taken a long time to save the points and believed he should now be credited with their monetary value.

Our investigator considered the complaint but said, under the terms and conditions of the credit card, NewDay was only responsible for administering the loyalty scheme on behalf of TUI and not for deciding which transactions were eligible. There was nothing to show NewDay had made a mistake in the way it handled this so although she could understand why Mr H felt so unhappy at what had happened, she couldn't reasonably ask NewDay to reimburse the cost of the points to Mr H.

Mr H disagreed and said he'd spoken to Tui who said it was for NewDay to decide but NewDay had then said it was Tui who were responsible. He felt consumers were being left in the middle and it was unclear. And he said he'd spoken to Tui before he'd made the booking and Tui had told him that he would be able to use the points against a holiday. He'd done this but the points were redeemed. He considered NewDay was responsible for this and that it should now refund him the £110 in points that he'd lost.

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 realise this isn't the decision Mr H was hoping for but having reviewed the information I don't consider NewDay has made a mistake as I'll now explain.

I've seen Mr H had acquired more than 10,000 points on his Newday/ Tui credit card. This was worth about £110 and understandably he wanted to redeem them before the card closed on 14 September.

I've also seen Mr H says he's spoken to Tui before he made this purchase on 12 September and was told he'd be able to redeem them against a holiday. I think it's important to note that this call was with Tui and not NewDay. I'd also say that I haven't seen any further details of this call but I don't doubt that Mr H was told he could use his points against a holiday as that was the purpose of the scheme. However, in order to be eligible, any purchase would still need to meet the terms and conditions of the scheme and the question here is whether Mr H's purchase did this.

I've reviewed the terms and conditions relating to Mr H's card and the rewards scheme. I can see there are a number of restrictions as to when the points can be redeemed and I've set out the relevant ones below:

TUI Card Rewards Scheme Terms and Conditions

The Rewards Scheme

- 1. These rules govern the TUI Rewards Scheme ("the Scheme"), which is provided by TUI UK Limited trading as TUI (us/we/our) and operated by NewDay Cards Ltd. They form a contract between you, a customer who holds a TUI Mastercard issued by NewDay Ltd, and us.*
- 2. These Scheme Terms and Conditions do not form part of your Account Agreement (as defined below) to which separate terms and conditions apply. For the avoidance of doubt neither NewDay Ltd, NewDay Cards Ltd nor any other member of the NewDay Group have any financial or other liability to you or any Customer in respect of the Scheme.*

Redeeming your Rewards Points

10. Reward Points can only be redeemed against transactions (other than the purchase of foreign exchange) using your TUI Mastercard made in TUI retail stores or on the www.tui.co.uk and www.firstchoice.co.uk websites ("Qualifying Transaction").

Clause 10 sets out how points can be redeemed, that is they can only be redeemed against transactions made with the credit card either in a Tui store or on one of their websites. And it seems clear from this that it has to be a direct transaction between the cardholder and a Tui shop or website made using the NewDay credit card.

I've seen Mr H booked accommodation using his Tui card and believes this should have allowed him to redeem his points against the price. But the information I've seen shows that, although Mr H paid for the booking using his Tui credit card, he made the payment via PayPal and not direct with Tui. It may seem a small difference but in effect Tui was paid by PayPal and not by Mr H. And because of that there wasn't a direct transaction between Mr H and Tui, which meant that it didn't trigger an automatic redemption of Mr H's points.

I've seen how disappointed Mr H is by what's happened. That's understandable as he'd acquired a lot of points and wanted to use them before they expired. I know Mr H feels NewDay should honour the points and pay him the equivalent monetary value I can only ask it to do that if I find it's made a mistake. However as set out above, I don't consider NewDay has made a mistake or acted unfairly. And for that reason, I can't reasonably ask it to do anything more to resolve this complaint.

My final decision

My final decision is that I do not uphold Mr H's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 28 May 2021.

Cerys Jones
Ombudsman